

THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

HEARING

BEFORE THE
SUBCOMMITTEE ON FEDERAL WORKFORCE,
POSTAL SERVICE, AND THE DISTRICT
OF COLUMBIA

OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

APRIL 29, 2009

Serial No. 111-2

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>
<http://www.house.gov/reform>

U.S. GOVERNMENT PRINTING OFFICE

50-349 PDF

WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

EDOLPHUS TOWNS, New York, *Chairman*

PAUL E. KANJORSKI, Pennsylvania	DARRELL E. ISSA, California
CAROLYN B. MALONEY, New York	DAN BURTON, Indiana
ELIJAH E. CUMMINGS, Maryland	JOHN M. McHUGH, New York
DENNIS J. KUCINICH, Ohio	JOHN L. MICA, Florida
JOHN F. TIERNEY, Massachusetts	MARK E. SOUDER, Indiana
WM. LACY CLAY, Missouri	TODD RUSSELL PLATTS, Pennsylvania
DIANE E. WATSON, California	JOHN J. DUNCAN, JR., Tennessee
STEPHEN F. LYNCH, Massachusetts	MICHAEL R. TURNER, Ohio
JIM COOPER, Tennessee	LYNN A. WESTMORELAND, Georgia
GERRY E. CONNOLLY, Virginia	PATRICK T. McHENRY, North Carolina
ELEANOR HOLMES NORTON, District of Columbia	BRIAN P. BILBRAY, California
PATRICK J. KENNEDY, Rhode Island	JIM JORDAN, Ohio
DANNY K. DAVIS, Illinois	JEFF FLAKE, Arizona
CHRIS VAN HOLLEN, Maryland	JEFF FORTENBERRY, Nebraska
HENRY CUELLAR, Texas	JASON CHAFFETZ, Utah
PAUL W. HODES, New Hampshire	AARON SCHOCK, Illinois
CHRISTOPHER S. MURPHY, Connecticut	
PETER WELCH, Vermont	
BILL FOSTER, Illinois	
JACKIE SPEIER, California	
STEVE DRIEHAUS, Ohio	

RON STROMAN, *Staff Director*

MICHAEL MCCARTHY, *Deputy Staff Director*

CARLA HULTBERG, *Chief Clerk*

LARRY BRADY, *Minority Staff Director*

SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE DISTRICT OF
COLUMBIA

STEPHEN F. LYNCH, Massachusetts

ELEANOR HOLMES NORTON, District of Columbia	JASON CHAFFETZ, Utah
DANNY K. DAVIS, Illinois	JOHN M. McHUGH, New York
ELIJAH E. CUMMINGS, Maryland	JOHN L. MICA, Florida
DENNIS J. KUCINICH, Ohio, <i>Chairman</i>	MARK E. SOUDER, Indiana
WM. LACY CLAY, Missouri	BRIAN P. BILBRAY, California
GERRY CONNOLLY, Virginia	

WILLIAM MILES, *Staff Director*

CONTENTS

Hearing held on April 29, 2009	Page 1
Statement of:	
Graham, Jim, chairman of the Board of Directors, Washington Area Metropolitan Transit Authority; and John B. Catoe, Jr., general man- ager, Washington MeTropolitan Area Transit Authority	9
Catoe, John B., Jr.	14
Graham, Jim	9
Lew, Helen, inspector general, Washington Metropolitan Area Transit Authority; and Matthew J. Welbes, Acting Deputy Administrator, Fed- eral Transit Administration	46
Lew, Helen	46
Welbes, Matthew J.	56
Simpson, Craig, representative Amalgamated Transit Union [ATU] Local 689; Diana Zinkl, Chair, Riders' Advisory Council, Washington Metro- politan Area Transit Authority; and Benjamin Ross, president, Action Committee for Transit	75
Ross, Benjamin	119
Simpson, Craig	75
Zinkl, Diana	88
Letters, statements, etc., submitted for the record by:	
Catoe, John B., Jr., general manager, Washington MeTropolitan Area Transit Authority, prepared statement of	16
Graham, Jim, chairman of the Board of Directors, Washington Area Metropolitan Transit Authority, prepared statement of	11
Lew, Helen, inspector general, Washington Metropolitan Area Transit Authority, prepared statement of	48
Lynch, Hon. Stephen F., a Representative in Congress from the State of Massachusetts, prepared statement of	4
Ross, Benjamin, president, Action Committee for Transit, prepared state- ment of	121
Simpson, Craig, representative Amalgamated Transit Union [ATU] Local 689, prepared statement of	78
Welbes, Matthew J., Acting Deputy Administrator, Federal Transit Ad- ministration, prepared statement of	58
Zinkl, Diana, Chair, Riders' Advisory Council, Washington Metropolitan Area Transit Authority, prepared statement of	90

THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WEDNESDAY, APRIL 29, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL
SERVICE, AND THE DISTRICT OF COLUMBIA,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m. in room 2154, Rayburn House Office Building, Hon. Stephen F. Lynch (chairman of the subcommittee) presiding.

Present: Representatives Lynch, Bilbray, Clay, Connolly, Kucinich, Norton, and Van Hollen.

Staff present: William Miles, staff director; Marcus A. Williams, clerk/press secretary; Jill Henderson, detailee; Tyler Pride, intern; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk and Member liaison; Howard Denis, minority senior counsel; Daniel Epstein and Johnathan Skladany, minority counsels; and Alex Cooper, minority professional staff member.

Mr. LYNCH. Good morning. The Subcommittee on Federal Workforce, Postal Service, and the District of Columbia oversight hearing will now come to order.

I want to welcome Ms. Holmes Norton and Mr. Kucinich, members of the subcommittee, hearing witnesses and all those in attendance.

The purpose of today's hearing is to examine the Authority's current financial condition and internal controls, proposed operational and service changes, safety and security initiatives, and to update the subcommittee on pending capital improvements at WMATA and all related funding.

The Chair, the ranking member and the subcommittee members will each have 5 minutes to make openings statements, and all Members will have 3 days to submit statements for the record.

Hearing no objection, it is so ordered.

Ladies and gentlemen, again let me welcome you to the subcommittee's first District of Columbia-related oversight hearing of the 111th Congress. As mentioned earlier, the purpose of today's hearing is to explore and examine a host of issues currently confronting the Washington Metropolitan Area Transit Authority in its effort to efficiently operate its Metrorail, Metrobus and Metro Access transit services.

It has been a little over 4 years since we on this committee have had a Washington Metropolitan Area Transit Authority-focused

hearing, and while much has improved for what is known as America's transit system, a few systemic challenges continue to remain, and we will try to address those today.

Although today's hearing won't bring a final resolution to many of the Transit Authority's core questions of pressing concern, the hearing is intended to continue and in some respects renew the dialog between WMATA and regional partners and the Federal Government. As the primary provider of mass transit throughout the Nation's Capital and surrounding area, WMATA's operations are intricately intertwined and linked to the continual functionality of the Federal Government.

As many of you are aware, Metrorail and Metrobus are responsible for the transportation of nearly 70 percent of the area's Federal workers to and from work on a daily basis. The transit system plays a critical role in our emergency preparedness efforts, and it is often heavily relied upon by the Federal Government for publicly supported events such as the recent inauguration of our new President or other National Mall celebrations.

In fact, the mere creation of WMATA by way of the 1967 Interstate Compact was in many ways based upon the rationale that the large presence of Federal Government activities and the attraction of the Nation's Capital as a premier tourist destination required the need for the development of a reliable public transit system for the Nation's Capital and its region.

Fast forwarding to today, WMATA has blossomed into a robust and leading transit agency in charge of operating the second largest rail system and the fifth largest bus network in the country, covering about a 1,500 square mile area. WMATA now operates a fleet of some 1,500 buses serving over 330 routes and provides Metrorail services to 86 stations on 5 rail lines and 106 miles of track, much of which has been constructed using Federal dollars.

While these facts and the regions continued reliability on Metrorail and bus and its paratransit service points to the access of 30 plus years old transit system, WMATA continues to face serious financial, operational and now post-September 11th security challenges. To that end, it is my hope that today's hearing will provide the subcommittee with the most current development's in WMATA's operations, finance, safety initiatives, and infrastructure improvement efforts.

Whether it is a frank conversation on the remaining facets of WMATA's dedicated funding effort or on management's proposed Metrobus service cuts and route adjustments, today's oversight proceedings are purely meant to provide us as the national capital area stakeholders, and the opportunity to discuss and explore common solutions to a common asset, the Washington Metropolitan Area Transit Authority.

I would like to thank those who have agreed to testify today, and I understand some of our witnesses obviously didn't take the Metro because they are not here yet. I look forward to a productive, but not necessarily lengthy hearing, as the subcommittee has been made aware of your various afternoon commitments of our witnesses.

And also I am sure most are aware there is a special joint Republican-Democratic caucus regarding the ongoing swine flu epi-

demic that all Members have been asked to attend. So when that begins, obviously the attendance here will decline. But necessarily, we will push on and try to address all of the issues that we would like to address in this hearing.

Again, I thank you. Normally, I would yield to the ranking member, Mr. Chaffetz from Utah, for his opening remarks. He is also a member of three other committees that are currently meeting as well, but he has been kind enough to allow us to waive his statement and to press forward with testimony.

At this point, I think it might best serve us because Mr. Graham is not here, and he is on our first panel, if I might defer to my colleagues for their opening statements. It might be a good use of our time.

I would first like to recognize Ms. Eleanor Holmes Norton, who was one of the driving forces to have this hearing so early in our proceedings, and who has been an outspoken advocate for her constituents in their reliance on the Metrorail service and bus service.

So I now recognize Ms. Eleanor Holmes Norton for 5 minutes.

[The prepared statement of Hon. Stephen F. Lynch follows:]

STATEMENT OF CHAIRMAN STEPHEN F. LYNCH

**SUBCOMMITTEE ON FEDERAL WORKFORCE
AND POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA HEARING ON**

**The Washington Metropolitan Area Transit Authority
(WMATA)**

Wednesday, April 29, 2009

Ladies and gentleman, again , let me welcome you to the Subcommittee's first D.C. related oversight hearing of the 111th Congress. As mentioned earlier, the purpose of today's hearing is to explore and examine a host of issues currently confronting the Washington Metropolitan Area Transit Authority (w.m.a.t.a.) in its effort to efficiently operate its Metrorail, Metrobus and MetroAccess transit services. It's been a little over four years, since a hearing has been held on W.M.A.T.A. and while much has improved for what is known as "America's Transit System," a few systemic challenges continue to remain. although today's hearing won't bring a final resolution to many of the transit authority's core questions or pressing concerns, the hearing is intended to continue and in some respect renew the dialogue between W.M.A.T.A., its regional partners and the federal government.

As the primary provider of mass transit throughout the national capital area, W.M.A.T.A.'s operations are intricately intertwined and linked to the continual functionality of the federal government. As many of you are aware, Metrorail and Metrobus are responsible for the transportation of nearly 70 percent of the area's federal workforce to-and-from work on a daily basis. The transit system plays a critical role in the area's emergency preparedness efforts and is often heavily relied upon by the federal government for publicly supported events such as Presidential Inaugurations or other national mall celebrations. In fact, the mere creation of W.M.A.T.A. by way of the 1967 interstate compact was, in many ways, based upon the rationale that the large presence of the federal government and the attraction of

the Nation's capital as a premiere tourist destination necessitated the need for the development of a reliable public transit system for the National Capital Region.

Fast forwarding to today, W.M.A.T.A. has blossomed into a robust and leading transit agency, in charge of operating the second largest rail transit system and the fifth largest bus network in the country. Covering a 1,500 square-mile area, W.M.A.T.A. now operates a fleet of some 1,500 buses, serving over 330 routes and provides Metrorail services to 86 stations, on five rail lines and 106 miles of track, much of which has been constructed using federal dollars. While these facts and the region's continual reliability on Metrorail, bus and its paratransit service, point to the success of the 30 plus year old transit system, W.M.A.T.A. continues to face serious financial, operational and now, post September 11, security challenges.

To that end, it is my hope that today's hearing will provide the Subcommittee with the most current developments in W.M.A.T.A.'s operations, finances, safety initiatives and infrastructure improvement efforts. Whether it's a frank conversation on the remaining facets of the W.M.A.T.A. dedicated funding effort or on management's proposed Metrobus service cuts and route adjustments, today's oversight proceedings are purely meant to provide us, as national capital area stakeholders, the opportunity to discuss and explore common solutions to a common asset – The Washington Metropolitan Area Transit Authority.

I'd like to thank those who have agreed to testify on today and I look forward to a productive but not necessarily lengthy hearing, as the Subcommittee has been made aware of your various afternoon commitments. Again, I thank you and now yield to the Ranking Member, Congressman Chaffetz from Utah for any opening remarks.

Ms. NORTON. Thank you very much, Mr. Chairman. I thank you for your early hearing on WMATA because it signifies the recognition of the subcommittee and the full committee of how dependent we are as a Federal Government on WMATA and on hearing of its concerns in a time when all facilities of every kind are stretched.

I want to congratulate Mr. Catoe to his face again because Mr. Catoe, you and your employees performed magnificently during the inauguration. Not only did you provide services at unheard of hours, but when I asked you to even go beyond the call of duty when you had stretched as far as you could go, you and your employees did so. The entire country—we saw 2 million people come here—could not have had this inauguration at all without you, and we are very proud of the work you have done, sir.

The bill that we strove so hard for, the Passenger Rail Improvement Act I think we called it, for \$1.5 billion over 10 years for WMATA seems to me has been vindicated by your performance, even without a penny of that money flowing, with huge strain on its facilities. At one point, Mr. Catoe thought he simply couldn't go much further in keeping hours beyond the expected hours simply because of the strain on capital facilities, because none of that money has flowed, and even when it flows it will have to flow a long time before it makes up for what has been denied.

Mr. Chairman, I am also a member of the Homeland Security Committee, and I must say that quite apart from the daily activities of the Federal Government, we now have an additional reason why we cannot do without WMATA. If nothing else is running, as we learned when the FEMA shut down downtown a few years ago, WMATA simply has to be running. And we at Homeland Security pay special attention to WMATA as well.

Now that you have shown, Mr. Catoe, what you can do, a lot of us are trying to get that first installment in the \$1.5 billion, \$150 million due year by year. Somebody tried to hold us up, I think, saying that if you don't do something, we won't do something. Hey, we don't have to do anything.

And what Members had to do to get this bill in the first place, and what we are going to have to do even if the President puts it in his budget, to keep it in there, I don't even think you want to know about. I just hope that we are able during these hard times to get that first \$150 million.

I am very concerned, as I am sure the entire region is, and while this is seen as a service here in the Nation's Capital, it stretches far and wide into the region. I am concerned about the layoffs and the bus service issues that have arisen, notwithstanding the Recovery Act funds. And I will be most concerned to see why those Recovery Act funds have not been more helpful in that regard.

Again, I can't thank you enough, Mr. Chairman, for the way in which you have moved forward early so that we can make sure that not only the trains keep running on time, but that the Federal Government keeps running because the trains are running on time.

I thank you very much, Mr. Chairman.

Mr. LYNCH. Thank you very much.

The Chair will now recognize the gentleman from northern Virginia, Mr. Connolly, who also his constituents as well, he has a long history of dealing with these issues on behalf of the families

of northern Virginia and is extremely familiar with all the issues confronting WMATA going forward. So I recognize the gentleman from Virginia for 5 minutes.

Mr. CONNOLLY. Thank you. And I can't thank you enough, Chairman Lynch, for holding these hearings on the Washington Metropolitan Area Transit Authority.

Though many may not be familiar with the acronym WMATA, it is absolutely essential to the operations of the Federal Government. On average, 120,000 Federal employees commute to work on metro, representing 40 percent of peak ridership. Fifty-six thousand of those employees live in my district, many of whom commute into the Pentagon or Washington, DC, on the Orange, Blue and Yellow lines of Metrorail.

This transit service is essential, Mr. Chairman, to the quality of life of suburban residents in our region. If not for WMATA's transit system, it would be necessary to construct an additional 1,400 lane miles of highway and 160,000 parking spaces to serve commuters who otherwise now use Metro.

This transit service is also essential to protect regional air quality and reduce greenhouse gas emissions. Without transit service provided by WMATA, it would be impossible to meet Federal clean air standards in this region, which would result in the region losing transportation funding. The decline in ground level ozone that we have achieved in the region has been enabled by the ability of area residents to avail themselves of rail or bus transit and by WMATA's investment in compressed natural gas, ultra-low sulfur diesel and hybrid electric technologies to reduce smog-creating pollutants from buses.

With respect to climate change, Metro eliminates 1 million tons of greenhouse gas emissions annually by eliminating vehicle trips, the equivalent of saving 75,000 gallons of gasoline.

When the region embarked on construction of the 106-mile Metro system, the Federal Government, as you indicated, Mr. Chairman, paid 80 percent of the construction cost. For the extension of the Silver line, however, to Dulles Airport, the premier airport for the national capital region, the Federal Government will only pay 16 percent of those project costs. The rest of it is borne by the State and local governments.

It is scandalous that the Federal Government provides a pittance for transit service to the national capital region. Extension of transit service is essential not only for the continued operation of the Federal Government, including provision of transportation options for federally employed commuters, but also for the region's continued economic prosperity.

For the past 8 years, we have had to work with an administration that appeared to be ideologically opposed to funding extensions to transit systems. This ideologically driven obstruction has been harmful to our region and others. With a new administration and a pending transportation authorization bill, I believe that we can jump start extensions to transit service here in the national capital region and around the country, with the Federal Government contributing its fair share.

I greatly appreciate the work of my predecessor and my colleagues, including Ms. Norton, in passing Title VI of the Passenger

Rail Investment and Improvement Act, which provided \$150 million in dedicated funding for Metro, being matched by Virginia, Maryland and the District of Columbia. Metro is the only major transit system in the United States without a dedicated source of funding.

In addition to increasing funding for transit, we need to examine ways to eliminate bureaucratic obstacles to new starts. During the process of approving the rail to Dulles project, we encountered numerous nonsensical requirements the proposed project had to meet by the Federal Government. These requirements delay project approval and construction, adding billions literally of cost to the final project cost.

We also need to understand how we can move to extend Metro-rail service in our region. Since Metrorail began operations in 1976, our region has grown far beyond the outer Metrorail stations. Residents and communities in suburban Virginia and Maryland should have the option of rail transit. I have introduced legislation, Mr. Chairman, to authorize transit extensions in the Orange, Blue, Yellow and Purple line corridors, and I look forward to hearing Mr. Catoe's response to that legislation.

I hope this hearing provides the committee with insight on how to expedite these and other extensions.

Again, I want to thank you, Mr. Chairman, for holding a hearing on this very important topic to the national capital region and look forward to working with you and my colleagues as we move forward.

I thank you.

Mr. LYNCH. Thank you, Mr. Connolly.

As my Republican colleagues arrive, we will obviously extend them the courtesy of making any opening statements that they wish to make.

It is the custom in this committee to ask witnesses to be sworn. I please ask you to rise and raise your right hands.

[Witnesses sworn.]

Mr. LYNCH. Thank you. Let the record show that each of the witnesses has answered in the affirmative.

To begin, your written statements will be accepted into the record without objection. The way the hearing works is that little box in front of you will flash various colors. The green light indicates that you have 5 minutes to summarize your written statement and verbalize the contents to the committee. A yellow light means that you have 1 minute remaining, and then a red light indicates that your allotted time has expired.

For the benefit of the Members who are here, let me just do a brief introduction of our first panel of witnesses.

Council Member Jim Graham became chairman of the Metro Board in January 1999. Mr. Graham currently serves on the Council of the District of Columbia representing ward I. He also chairs the Council's Committee on Public Works and Transportation. Mr. Graham served as executive director of the Whitman-Walker Clinic from 1984 to 1998. Previously, Mr. Graham served as staff counsel for Senator Abe Ribicoff, Democrat of Connecticut, and clerked to Chief Justice Earl Warren, now retired.

Mr. John B. Catoe is the general manager for Washington Metropolitan Area Transit Authority. Mr. Catoe has more than 30 years of experience in public transportation. As general manager of the Washington Metropolitan Area Transit Authority, he oversees the second-largest rail transit system and the fifth largest bus network in the United States, with more than 10,000 employees, a \$1.3 billion operating budget, and a \$3.1 billion 5-year capital improvement program.

With that, we welcome each of our witnesses.

And Mr. Graham, I welcome you to offer your opening statement.

STATEMENTS OF JIM GRAHAM, CHAIRMAN OF THE BOARD OF DIRECTORS, WASHINGTON AREA METROPOLITAN TRANSIT AUTHORITY; AND JOHN B. CATOE, JR., GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

STATEMENT OF JIM GRAHAM

Mr. GRAHAM. Thank you very much, Chairman Lynch. Excuse my voice. I am laboring under the Washington, DC, allergies, but I am going to do my best.

I want to do my best here on behalf of the system. As you pointed out, I am the chairman of the Metro WMATA Board. I had previously held this position in 2003, which was a very different time than today. But it is all the same a time of great excitement for the Metropolitan Washington Area Transit Authority.

I want to say a special hello to Congressman Connolly. This is the first time I have seen you since your ascendancy to this great body. I congratulate you. And to my Congressional Representative Eleanor Holmes Norton, it is always a great pleasure to see you. We saw each other yesterday at a very, very happy event, and I hope this one today is every bit as happy and satisfying.

Let me just note that the Metro means more than anything else mobility. Metrorail and Metrobus serve a population of over 3.5 million within a 15,000 square miles area. And average weekday passenger trips on the two systems total nearly 1.3 billion—excuse me, 1.3 million. MetroAccess, which is our service to people living with disabilities, provides 4,900 passenger trips on an average weekday.

No neighborhood or community within the District of Columbia is more than two blocks from Metrobus services. Metro also stimulates regional economic development. And Mr. Chairman, I don't need to read about that because I know in ward I in Columbia Heights and U Street, on Georgia Avenue, the presence of a subway station has been the absolute catalyst to the economic revival of those neighborhoods. We have much to thank for Metro in that regard.

Metro is not only essential to the efficient functioning of this region, but it is also essential to the daily operations of the Federal Government, which gives the Federal Government a most decided stake in terms of the success of this system. The Federal Government relies on Metro for daily transportation of visitors to the Capitol and national events. You have already, I believe, Congresswoman Norton, mentioned the great role that Metro played in the

recent inauguration. And we Are extremely proud of our general manager, who has served with distinction here and elsewhere.

Metro is a critical component for ensuring continuity of Federal Government operations during an emergency. And 9/11 is another example of how Metro really made the key difference in terms of keeping our system open.

Let me say a word about dedicated funding. At this point in time, as a member of the Council of the District of Columbia and chairman of the Committee on Public Works and Transportation, we are going to make certain that this opportunity for dedicated funding is not lost, nor will it be hindered. And I will introduce legislation in the Council on an emergency basis on May 5th to have identical legislation to that which was passed in Virginia and Maryland so that we will be ready, Mr. Chairman, to present to this Congress compact amendments which are identical and will pave the way hopefully in this year for a Federal appropriation.

We are extremely pleased with the great step that was taken by the Congress last year in passing an authorization which could lead to \$3 billion into the system over a 10-year period. And we want to make certain that happens.

When I became chairman of the Metro Board this past February, I expressed my determination that this funding would go forward in so far as anything we could do to make it happen. We are anxiously awaiting news as to whether or not the President has included the first payment, which we hope will amount to \$150 million in the President's budget. If the President has not included it in the budget, we want to rely on our many good friends in Congress to make sure that the \$150 million is added.

And I do want to acknowledge most particularly the efforts of the Majority Leader, Congressman Steny Hoyer, who has played such a key role in this regard.

So this \$300 million new funds on an annual basis, \$150 million from the Congress of the United States, \$50 million each from the three jurisdictions, is going to make a critical difference in the stability of Metro because at present what we need to do is to assemble a patchwork quilt every year with our budget, and this will instead give us the ability for a coherent, stable budget proposal.

Thank you very much.

[The prepared statement of Mr. Graham follows:]

Testimony of Jim Graham
Chairman of the Board of Directors of the
Washington Metropolitan Area Transit Authority
before the Subcommittee on Federal Workforce, Postal Service,
and the District of Columbia
of the House Committee on Oversight and Government Reform
April 29, 2009

Good morning Chairman Lynch, Ranking Member Chaffetz, and members of the Subcommittee. My name is Jim Graham, and I appear before you today in my role as the chairman of the Board of Directors of the Washington Metropolitan Area Transit Authority, or WMATA.

I have served on WMATA's Board since 1999 and first served as Board Chairman in 2003. It is exciting to be chairman again at this point in WMATA's history, when we are enjoying tremendous success in a number of areas while, at the same time, working through some difficult challenges.

As you may know, the WMATA Board has two voting members each from the District of Columbia, Maryland, and Virginia, plus six alternates, also equally divided among the jurisdictions. I am privileged to represent the District of Columbia on the Board, and would like to begin by saying a few words about what WMATA means for the District and the entire National Capital Region.

First let me note that WMATA provides three essential transit services, collectively referred to as the "Metro system." Both the bus and rail systems--Metrobus and Metrorail--are accessible to persons with disabilities, but for those whose disabilities preclude them from using those "fixed route" services, we also provide MetroAccess paratransit service.

First and foremost, Metro means mobility. Metrorail and Metrobus serve a population of over 3.5 million within a 1,500 square-mile area, and average weekday passenger trips on the two systems total nearly 1.3 million. MetroAccess provides 4,970 passenger trips on an average weekday. No neighborhood or community within the District of Columbia is more than two blocks from Metrobus services.

Without Metro, this region would come to a halt, mired in congestion and gridlock. Metro takes 500,000 cars off the road each weekday and eliminates the need for 1,400 highway lane miles. Without Metro, Washington, D.C. would need an additional 160,000 parking spaces beyond those that currently exist.

Metro also stimulates regional economic development and is a linchpin in the region's \$359 billion economy. The District of Columbia Office of Planning estimates development value within 10 minutes walk of Metrorail stations in the District at \$37 billion. Joint development projects at Metrorail stations contribute significantly to the

region's economy. Metrorail has stimulated development at most stations in the Downtown core and at a number of locations in Maryland and Virginia, as well.

Metro is essential not only to the efficient functioning of this region, but to the daily operations of the federal government, as well. The Metro system was built at the request of the federal government, and it continues to serve the federal government, day-in and day-out. For example, half of all Metrorail stations are located at federal facilities. More than 120,000 federal employees ride Metro to work daily, and federal workers comprise 40% of peak ridership. It is significant that almost ten percent of Metrorail ridership boards at stations that serve Congress and the Pentagon.

In addition, the federal government relies on Metro for daily transportation of visitors to the capital and for national events such as presidential inaugurations, state funerals, celebrations and festivals on or near the National Mall. Metro at times adjusts service and extends operating hours to accommodate increased passenger loads due to federal events and public demonstrations. Upon request, Metrobuses serve as security perimeters for special events on the grounds of the U.S. Capitol and at other public places.

Metro is a critical component for ensuring continuity of federal government operations during an emergency. Federal recovery plans rely heavily on Metro, which played a key role on September 11th.

The most recent example of Metro's service to the Nation's Capital occurred during the 2009 Inauguration weekend. On Inauguration Day, Metro moved more than 1.5 million people: 1.1 million traveled by rail and about 423,000 traveled by Metrobus.

As Chairman of WMATA, my focus is going to continue to be on ensuring that we are doing all we can to enhance efficiency, improve our service, and get the best possible "bang for our buck," so that we may continue to provide the kind of service that the federal government depends upon.

We are ready to enter into a renewed partnership with the federal government, as envisioned in legislation passed last year, which contained a \$1.5 billion authorization for WMATA. The local jurisdictions are taking the steps necessary to meet the requirements of that legislation, and I look forward to working with this committee and our regional Congressional delegation to ensure that the federal government keeps its side of the bargain, as well.

The regional delegation has written to the President urging him to include \$150 million for Metro in his FY2010 budget request. We are requesting the same amount from the Congressional appropriations committees, as well.

With additional federal funding, WMATA can make the capital improvements needed for improved service to the federal government and the region. WMATA needs new buses that are more reliable and energy efficient as well as new railcars. We need

to make sure our escalators work more consistently. All these investments will not only help us provide more efficient transportation, they will help us save money on a day-to-day basis.

Our General Manager, John Catoe, will discuss some of the current issues at Metro related to our financial situation, safety and security initiatives, and future capital needs. I want to thank the members of this Subcommittee, the full Oversight and Government Reform Committee, and Congress for your support of Metro.

Mr. LYNCH. Thank you, Mr. Graham.

Mr. Catoe, you are recognized for 5 minutes for your opening statement.

STATEMENT OF JOHN B. CATOE, JR.

Mr. CATOE. Thank you, Mr. Chairman.

As stated, I am John Catoe, the general manager of the Washington Metropolitan Area Transit Authority [WMATA] or Metro. Joining me is Michael Taborn, who is the chief of the Metro Transit Police Department, who is available to answer questions on our security initiatives.

First, I would like to begin by thanking you, as well as the members of this full committee, for your efforts on the dedicated funding legislation. The funding authorized by that bill is the key to Metro's ability to continue to meet the mobility needs of the Federal Government in this region.

I have submitted more detailed testimony for the record, so let me address a few key points that I would be happy to take questions on.

As Chairman Graham said, the Federal Government relies on Metro every day. It bears repeating that 40 percent of Metro's peak ridership is made up of Federal employees. Many others ride our systems so they can petition the Congress, visit the National Mall, and our national museums and galleries, and also to witness historic events like the inauguration. You can hear it in our station names: Federal Triangle, Capitol South, Smithsonian, Pentagon, and the list goes on.

The Federal Government's dependence on Metro is something that distinguishes us from other transit agencies. It is not surprising that Metro is often referred to as America's subway.

I would like to now turn to some of our current challenges. While we have been in fairly good financial shape for this budget year of 2009, this is a very difficult time for Metro, as it is for transit agencies across the country, with many facing layoffs and severe service cuts.

Recognizing the pressure that local governments and individuals are facing in this economic downturn, we began building our fiscal year 2010 budget without indicating any increases from local government or their contributions or raising fares. This required very difficult actions. In recent months, I have made some very tough decisions, including the elimination of 313 positions, and we have reduced our budget gap from \$154 million, we reduced that by 80 percent, down to \$29 million, and with the jurisdictions after various options, have reduced that even further.

After considering many options for closing the remaining gap, our board ultimately decided to increase, as I mentioned, local contributions, and we have submitted bus services adjustments for public considerations. We have just completed a series of six hearings on these service adjustments, and tomorrow the Board of Directors will make decisions on what actions they will take in order to close the budget gap.

In my written testimony, I also go into detail about another financial challenge that affects Metro, and a number of other transit agencies who entered into sell-leaseback transactions back when

the Federal Government was promoting them as innovative financing techniques. As a result of changes to Federal law and of the worldwide economic crisis, Metro and other agencies are at risk of a technical default on these agreements. Despite having made payments, we potentially face millions of dollars in termination fees.

However, all is not grim and we need to look toward the future. Let me turn now from Metro's current financial challenges to talk a little bit about what I see coming in Metro's future. This system is essential to mobility in the Nation's Capital and the national capital region, as shown on inauguration day. Millions came to Washington to see the new President, and Metro's job was to provide them with transportation. We did so safely and efficiently.

When you look toward the future, the future is what we saw on that day, over 1.5 million riders on our system on a daily basis. As we move toward the future, there is a need for increased funding for an expansion of the system on the Orange, Blue, Yellow lines, and in fact a new portal coming in from northern Virginia. As we look at our capital needs, we have identified \$11.3 billion between 2011 and 2020, and this number does not include any moneys for the expansion that I mentioned.

We are now working to prioritize this, and we will have that list completed over the next week.

Again, you will find more details in my testimony in front of you in the written testimony, and I thank you for this opportunity to testify in front of the subcommittee.

[The prepared statement of Mr. Catoe follows:]



**OVERSIGHT HEARING ON
THE WASHINGTON METROPOLITAN
AREA TRANSIT AUTHORITY (WMATA)**

**Testimony of
John B. Catoe, Jr.
General Manager, WMATA**

**Before the
Subcommittee on Federal Workforce,
Postal Service and the District of Columbia of the
Committee on Oversight and Government Reform
U.S. House of Representatives**

**April 29, 2009, 10:00 a.m.
Room 2154
Rayburn House Office Building**

Testimony of John B. Catoe, Jr., General Manager
Washington Metropolitan Area Transit Authority
before the Subcommittee on Federal Workforce, Postal Service,
and the District of Columbia
of the House Committee on Oversight and Government Reform
April 29, 2009

Mr. Chairman, Ranking Member Chaffetz, and members of the Subcommittee, thank you for the opportunity to testify before you today. I am John B. Catoe, Jr., General Manager of the Washington Metropolitan Area Transit Authority, known as WMATA, or Metro. I know that many of the members of this Subcommittee are very familiar with Metro, and I want to begin by thanking all of you, as well as the members of the full Oversight and Government Reform Committee, for your hard work and dedication in passing what became Title VI of the Passenger Rail Investment and Improvement Act of 2008 (often referred to as the "dedicated funding bill"). The funding authorized by that legislation is key to Metro's ability to continue meeting the mobility needs of the federal government and the National Capital Region.

I will cover a number of topics in my testimony, including:

- a brief history of Metro and its unique relationship to the federal government,
- current funding challenges,
- a look toward the future,
- safety and security initiatives, and
- an update on recent legislation affecting Metro.

Metro history and relationship to the federal government

Let me begin by providing some background on the creation of the Metro system. The vision of a world-class rapid rail system to serve the National Capital Region was born in the 1950s through a partnership between leaders at the federal level and in the National Capital Region. This vision was reflected in the National Capital Transportation Act of 1960, which included the following statement:

The Congress finds that an improved transportation system of the national capital region is essential to the continued and effective performance of the functions of the Government of the United States, for the welfare of the District of Columbia, for the orderly growth and development of the national capital region and for the preservation of the beauty and dignity of the Nation's Capital.

In 1965, in a letter to Congress, President Johnson reiterated the federal interest in transportation around this region:

The problem of mass transportation in the Washington area is critical. It is also a problem in which the federal government has a unique interest and responsibility... improved transportation in this area is essential for the continued and effective performance of the functions of the government of the United States, for the welfare of the District of Columbia, [and] for the orderly growth and development of the National Capital region.

In 1966, Congress authorized the creation of the Washington Metropolitan Area Transit Authority as an interstate compact agency to plan, construct, finance and

operate a rapid rail system for the region, and early the following year Metro was “born.”

That partnership between federal leaders and the local jurisdictions continued through the years that followed, years which saw the construction of a rail system that now spans 106 miles with 86 stations, the creation of Metrobus in the early 1970s—now a fleet of more than 1,500 buses serving more than 12,000 bus stops along 340 routes—and the beginning of MetroAccess, our paratransit service, in 1994.

Today, the federal government is uniquely dependent upon Metro, something that distinguishes it from other U.S. transit systems. Half of all Metrorail stations are located at federal facilities, and over 40 percent of peak ridership consists of federal employees. In fact, ten percent of Metro’s ridership is from Metrorail stations that serve the U.S. Congress and the Pentagon. It is not surprising that in 2005, a “Blue Ribbon” report found that the federal government, the region’s largest employer, is the “largest single beneficiary” of Metro.

The federal government is particularly reliant on Metro for special national events such as inaugurations and state funerals, transportation of visitors to the Nation’s Capital and persons doing business with the federal government, as well as in response to new requirements such as Base Realignment and Closure relocation to Metro locations (e.g., Bethesda Naval Hospital). A safe, secure, and reliable Metro system is also a critical component for ensuring the continuity of federal government operations during an emergency. Federal recovery plans rely heavily on Metro, and Metro played a key role on September 11th in moving people out of the downtown core.

Recognizing this unique relationship, the federal government, which pays no state or local property taxes despite being one of the largest landowners in the region, provided over two-thirds of the capital funding to construct the original 103-mile Metrorail system, which was completed in 2001. Today, Metro's costs, both operating and capital, are paid for primarily by passenger fares, other business revenues, and by the local jurisdictions we serve: the District of Columbia, the counties of Prince George's and Montgomery in Maryland, and the counties of Fairfax and Arlington, as well as the cities of Alexandria, Falls Church, and Fairfax, in Virginia. The interstate compact provides that as far as possible, the system's costs are borne by customers, and any remainder is equitably shared among the federal and participating local governments. The allocation of remaining costs among the local governmental partners is determined by mutual agreement. In FY2009¹, for example, passenger fares and parking fees, together with advertising, other business revenues, and debt, will pay for almost half of Metro's total budget of \$1.9 billion. Local governments paid for nearly 40 percent, and the federal government provided the remainder (14 percent). (The federal funds were for capital projects only; the federal government does not provide any funds to support Metro operations.)

The current governance of Metro rests with a Board of Directors, composed of 6 voting members, two each from the District of Columbia, Maryland, and Virginia, and 6 alternates, also equally divided among the jurisdictions.

¹ All fiscal years referred to in this testimony, unless otherwise noted, are Metro's fiscal year, which runs from July 1 to June 30.

Current funding challenges

I am pleased to be able to report to the Subcommittee that Metro ended FY2008 \$13.2 million under budget, and we have been in good financial shape for FY2009. However, as I am sure the members of the Subcommittee are aware, this has been a very challenging year for transit agencies all across the country, with the news headlines telling the story of major lay-offs and severe service cuts. Of course, the economic crisis is not just affecting transit agencies; it is affecting local governments and individuals, which again is evident from the news.

At Metro, we understood the pressure our customers and our partner jurisdictions would face this year, and we went into the budget process for FY2010 with certain assumptions. First, in keeping with Board policy, there would not be a fare increase in FY2010. Second, we would keep the overall level of subsidy the same as it was the year before.

Taking those two assumptions as a starting point, we projected that we would face a gap in our operating budget for FY2010, and so we began our preparations for the FY2010 budget this year. Metro managers made reductions in their FY2009 operating budgets of about 10%. Metro also froze hiring and reduced or delayed support expenses such as training, travel, and outside contractor support.

When we presented the first draft of the FY2010 budget in January of this year, the projected shortfall was \$154 million. Over the next several months, I made a number of difficult decisions to eliminate \$119 million in operating costs, which represents an 8 percent reduction in Metro's FY2010 operating budget. This reduction includes the elimination of 313 positions, which is on top of the loss of 254 support

positions that had taken place between 2006 and 2008. In concert with our Board, we also revised our revenue estimate by about \$6 million. Every area of the proposed operating budget was scrutinized for efficiency, and actions were taken to ensure we get the most out of each dollar spent. Through these actions, management has reduced the projected shortfall from \$154 million to the current level of \$29 million.

Having reduced the budget gap by more than 80%, we considered many options to bring us to a balanced budget. Among the items considered were an across-the-board fare increase, charging for parking on weekends, diverting funds from the capital budget to the operating budget, and modifications of Metrorail and Metrobus service. Ultimately, though, our jurisdictional partners recommended increasing their subsidy contributions and/or reducing, transferring or eliminating bus service specific to their jurisdictions. As a result, Metro held a series of six public hearings on those bus service adjustments during the week of April 13th. Two hearings were held in each jurisdiction. Approximately 450 people attended the hearings, 159 spoke at the hearings, and we have received 2,817 written comments. We will be presenting a report on the results of these hearings to the Metro Board on April 30. It is our hope that the Board will approve that report as presented, and--after careful consideration of the public input--take action that will balance the Metro operating budget for the next fiscal year.

There is another important financial challenge that has recently emerged. In the late 1990s and the early 2000s, the Federal Transit Administration (FTA) allowed Metro to enter into 16 leaseback agreements with banks, and the agreements provided about \$100 million to Metro for capital improvements and a tax benefit to the

banks. These agreements--approved and encouraged by FTA--required that leaseback payments from the trust account, set up as part of the agreement, be guaranteed by an insurer with a high credit rating, such as AIG.

In 2004, the federal law changed and would no longer allow tax deductions to the banks for these lease agreements. Compounding that, in 2008, the Internal Revenue Service offered a settlement to the banks that had entered into these agreements, if those banks would agree to forego the majority of their anticipated tax benefits.

As a result of the deepening worldwide economic crisis, insurance and financial services companies, like AIG, had their credit ratings downgraded last year, which provided an opening for banks to declare transit agencies in "technical default" on these leaseback agreements. This put Metro at risk of having to pay up to \$400 million in termination fees for these leaseback agreements.

Metro reacted quickly, ending three agreements at little or no cost to the agency and bringing a lawsuit on a fourth agreement to an end through a negotiated settlement. However, the threat of being placed in technical default remains, and we continue to seek the assistance of the Congress and the Administration to prevent the banks from collecting millions of dollars in termination payments from transit agencies.

A look toward the future

Our current funding challenge is significant, in large part due to surging ridership on our trains, buses, and paratransit vehicles. In FY2008, the Metro system provided nearly 350 million trips, about 215 million of which were on the rail system and 133 million on Metrobuses. Over the last three years (FY2005-2008) ridership on

Metrobuses has grown by 6 million annual passenger trips (a 5% increase) and ridership on the rail system has grown by 20 million annual passenger trips (a 10% increase). MetroAccess ridership has been growing as well; for example, total ridership through the third quarter of FY2009 was 1.53 million trips, an increase of 21.5% as compared to the same period a year earlier.

These figures clearly demonstrate that the Metro system – bus, rail, and paratransit – is essential to mobility in the National Capital Region. Imagine this area without Metro: many of our riders would be forced to drive, adding hundreds of thousands of additional cars to our clogged roadways. Others would be left with few options. For example, those without automobiles might be able to rely on friends or family to get them to the occasional medical appointment, but might not be able to hold jobs if they cannot access work and child care locations on a daily basis. Visitors intending to do business with the federal government, or to visit our many national monuments and museums, would find themselves instead mired in gridlock due to traffic congestion.

The dependence of this region on Metro was never so clear as on Inauguration Day in January 2009. By virtue of our location in the National Capital Region, Metro simply had to meet the challenge of transporting a large number of the millions of visitors coming to witness this historic event. In order to accommodate various Inaugural activities, Metro ran extended hours of service throughout the January 18-20 period, including 17 hours of Metrorail rush hour service on Inauguration Day. During those three days, Metrorail set three ridership records: a Sunday record, and back-to-back weekday records, with ridership reaching 1,120,000 trips on January 20th. On

Metrobus, twenty-three "Presidential" bus corridors supplemented regular service to ease crowding in the rail system. More than 8,000 Metro employees worked on Inauguration Day, including 417 Transit Police officers and 340 employees who volunteered to be Metro "Ambassadors," as well as 266 volunteer police officers from other police agencies. Metro served the unprecedented crowds that weekend safely and reliably.

Metro's outstanding performance was noted by regional leaders and federal officials, including the Acting Deputy Administrator of the FTA, who stated that "Metro bus and rail transit and security personnel showed excellent judgment in their ability to manage and control enormous crowds, to handle emergencies calmly as they arose, and above all to keep the traveling public safe and on-the-go throughout the celebration." As envisioned by its founders in the 1950s and 1960s, Metro serves the needs of the federal government no matter the magnitude of the occasion.

Pleased as I am with the dedication and service of all of Metro's employees on Inauguration weekend, I am left with one lingering thought: as crowded as the system was on January 20, it will not be long before the ridership records we set that day are just a typical day's work. Projections show that by 2029, our system will be called upon to handle crowds of that size on a daily basis. In 20 years, Metrorail will be expected to carry close to a million people every single weekday, and we will need to expand our rail system infrastructure and fully leverage our bus service with rapid and express routes to lessen the load of passengers on the rail system. It is a daunting future, and one that we must begin to prepare for today.

The Metro system is feeling its age. To use an analogy: our crowded house is over 32 years old, and our needs go far beyond a spring cleaning and a fresh coat of paint. We have a wet basement, rusting pipes, cracked tiles, old wiring and the equivalent of a 1976 model car in a 100-year-old garage. If we are to help meet the future transportation needs of the federal government and this region, we must begin our planning process now.

Recognizing this fact, Metro staff recently conducted a detailed capital needs inventory for the period between FY2011 and FY2020. In September 2008, Metro outlined the agency's future capital needs over that period, which total \$11.3 billion. The inventory does not include funding for any expansions of the existing Metro system. Over half of the needs are focused on Metro's aging infrastructure and are necessary to maintain the system's performance; about 30 percent is focused on capacity investments to meet future ridership growth, and some 6 percent is focused on improvements to enhance the customer experience.

According to the capital needs inventory, Metro will need more than \$7 billion over the period of FY2011-2020 to maintain the current bus, rail and paratransit system in a state of good repair and to deliver safe and reliable service. These needs include repairing leaking tunnels and crumbling platforms, fixing escalators, replacing about 100 buses every year, replacing very old bus facilities (including one that is 100 years old), and updating critical software. Metro also needs to replace one-third of the rail car fleet, including some cars that are more than 30 years old and near the end of their lifecycle.

Nearly \$3.5 billion would be used to address the growing ridership demands on Metro's bus, rail and paratransit system during the next decade. Between FY2010 and FY2020, Metrorail ridership is expected to grow 22 percent to more than 900,000 trips per day, and Metrobus ridership is expected to grow 9 percent to over half a million trips per day. To move all those new riders, Metro needs power upgrades and additional rail cars to run longer trains on all lines during rush and non-rush hours, more than 300 new buses, and additional MetroAccess vehicles. Demand for this service to transport people with disabilities who are unable to take Metrorail or Metrobus is expected to double to 4.5 million trips per year by 2020.

Lastly, we have identified more than \$700 million in improvements that would directly enhance the customers' experience, such as additional platform canopies, improved station signage, and allowing for expanded payment with credit cards at Metrorail parking facilities. We frequently receive requests for such improvements from our customers.

Recognizing that there may well be a gap between the \$11.3 billion in capital needs and the ability of our federal and jurisdictional partners to fund the entire inventory, Metro is working with its regional funding partners to prioritize the projects in the capital needs list. This process is underway and will yield a framework for the continuation of Metro's capital program. Clearly, meeting our highest priority future needs will require a renewed partnership between the federal government and the region.

Safety and Security Initiatives

Let me say a few words about some of the other important initiatives going on at Metro. Since I arrived, I have taken steps to create a new corporate culture at Metro built on a solid foundation of safety. Safety committees were established at all of Metro's work locations, and I made clear that I expected each and every employee to make safety his or her own personal responsibility.

These efforts have had positive results. In 2008, there were no work-related employee fatalities, nor were there any Metro-related pedestrian fatalities. Additionally, the number of workers compensation claims was reduced by 10.2% in FY2008 (compared to FY2007), and in the first half of FY2009 they had fallen by 17.4% (compared to the same period in FY2008).

Additional safety initiatives include the following:

- At Metrorail stations throughout the region, we are replacing white platform edge lights with red lights to increase customer awareness of the platform edge and of approaching trains. To date, a total of 37 stations have been outfitted with red lights.
- Metrobus operators now receive training on a bus simulator, as well as "Street Smart" training that teaches bus operators to understand traffic from a pedestrian's perspective. Metro also continues to partner with our local jurisdictions to conduct a semi-annual regional Street Smart pedestrian and bicyclist safety education campaign.

In addition to our focus on safety, Metro has also been very active in the realm of security and emergency preparedness. As the largest transit provider for the National

Capital Region with bus service and rail stations on Capitol Hill and the Pentagon, Metro treats its responsibility with regard to homeland security with the seriousness it demands. Metro's approach to transit security involves a partnership among employees, customers, our transit police, other public safety agencies in the region, and the federal government. It is a strategic approach that merges the application of technology with enhanced operational awareness, and puts an emphasis on training, public outreach campaigns, and the use of security assessments that take into consideration the unique designs of transit. Working in partnership with the American Public Transportation Association (APTA) and other transit systems across the country, Metro has assisted in the development and is utilizing many of the industry's best practices to implement this strategy.

Metro has committed a majority of its Department of Homeland Security (DHS) grant funds between federal FY2003 through FY2007 (\$28 million) towards the development of an Alternate Operations Control Center (OCC), since our main OCC is located in downtown Washington. The lack of redundancy in our operations control capability was highlighted in two external security assessments conducted by the FTA and DHS following the terrorist attacks of September 11, 2001. Metro has also significantly expanded and enhanced our chemical detection capability, increased the size of the Metro Transit Police Department's (MTPD) K-9 team, purchased anti-terrorism equipment for MTPD, increased security at major employee facilities, and installed security cameras on buses and portal intrusion detection in the Metrorail system. Metro is currently allocating existing security grant funds toward enhancing and integrating the closed circuit television (CCTV) camera system throughout the

Metrorail system, expanding portal and shaft detection, and increasing the security at bus facilities.

We have also placed a great emphasis on training, with initiatives designed to enhance emergency preparedness capabilities of both Metro and the region. We continue to enhance and extend our training partnerships with the region's first responder community and DHS through Metro Transit Police-sponsored initiatives such as "Managing Metro Emergencies," the Metro Citizens Corps, and advanced behavior assessment training for regional law enforcement. Launched in 2004, "Managing Metro Emergencies" was devised and developed primarily in response to the Madrid bombings. The "Managing Metro Emergencies" course has provided enhanced training to over 5,000 regional law enforcement, fire and rescue, and department of transportation personnel, as well as to Metro employees, in mitigating and recovering from a major service disruption in our system, including evacuation and emergency transportation.

Metro's Emergency Management team has trained more than 15,000 federal, state and local emergency personnel a year at our Emergency Response Training Facility. The facility includes a 260-foot tunnel, two Metrorail cars, and a simulated electrified third rail for mock fire and rescue exercises. The tunnel is used for terrorism, disaster, and tactical response drills. The facility also houses the nation's first passenger rail emergency evacuation simulator. Metro's Office of Emergency Management is also initiating a new training course for an estimated 8,000 Metro front-line employees. Funded through the DHS Transit Security Grant Program (TSGP) and regional Urban Area Security Initiative (UASI) funds, this program will raise awareness

of security-related issues and instruct operational employees in how to implement the proper response procedures and command system structure during the initial and developing phases of a Metro-specific incident or emergency.

Update on recent legislation affecting Metro

As I stated earlier, meeting Metro's highest priority future needs will require a renewed partnership between the federal government and the region. With the leadership of the Oversight and Government Reform Committee, Congress took the first step along that path with the passage of Title VI of the Passenger Rail Investment and Improvement Act of 2008, or "dedicated funding bill." Again, I thank you for that effort.

That legislation required the interstate compact which created Metro to be amended to do three things: 1) add two members and two alternates to the Metro Board representing the federal government; 2) establish an Office of Inspector General at Metro; and 3) provide that the local match for the authorized federal funds would be derived from dedicated sources. In order for the Metro Compact to be amended, each of the signatory jurisdictions must pass identical legislation, which must be approved by the Congress. The District of Columbia, State of Maryland, and Commonwealth of Virginia have all passed bills to amend the Metro Compact, though not all have identical language. The region continues active discussions regarding the process for conforming all three pieces of legislation.

The Metro Board did not wait for the bill's passage before establishing an Office of Inspector General, which they did in 2006; they agreed with the sentiments of the

bill's supporters that an independent office to conduct audits and reviews of Metro programs and operations would contribute positively to Metro's stewardship of public funds. Having come from an agency with an Inspector General, I absolutely agree and find this additional internal control to be an invaluable resource.

The legislation also requires Metro to provide access to the rail system to wireless providers on a specific schedule, with the first deadline being October 16, 2009. In February 2009, the Board authorized staff to proceed with an agreement with a consortium of wireless providers. We have been in final negotiations with the consortium since that time and expect a signed contract within a few weeks.

Metro's entire Congressional delegation has written to the President requesting inclusion of \$150 million for Metro in the Administration's detailed federal FY2010 budget request, and we are seeking the first installment of \$150 million from Congress in the federal FY2010 appropriations cycle. While this funding would not meet all of our future capital needs, it would go a long way toward addressing some of our most urgent priorities.

Finally, I want to acknowledge the recent effort by the entire Congress and Administration to help Metro and the nation counter the effects of the economic downturn: passage of the American Recovery and Reinvestment Act. We greatly appreciate your recognition that transit is an essential component of our national economic recovery plan. We anticipate that Metro will receive approximately \$200 million in transit formula grants under the Recovery Act and will use this funding to address some of the agency's most urgent unfunded capital needs. We will also be applying for various competitive grant programs authorized in the Recovery Act. Metro

is selecting from its capital needs inventory those projects which can be implemented quickly (i.e., are “shovel-ready”) and best meet our strategic goals. Examples of projects include:

- replacement of oldest buses,
- replacement of crumbling platforms,
- track maintenance equipment,
- upgrade three oldest stations and systems,
- additional station alarms and chemical sensors,
- bus real-time, route and schedule systems, and
- additional SmarTrip® fare machines.

We are on track to meet all of the deadlines and requirements in the Recovery Act. Again, this funding will certainly not meet all of our needs, but it will help us to address some urgent priorities that would not otherwise have been addressed this year.

Conclusion

It is a tremendous privilege for me to head the transit system that serves our Nation’s Capital. I thank you for the opportunity to speak to you today about the Metro system, our initiatives, challenges, successes, and future. I would be happy to respond to any questions.

Mr. LYNCH. Thank you, Mr. Catoe.

In the interest of time and efficiency, we are going to dispense with any further opening statements here. But I would like to ask, since both of you have been at this for such a long time, Mr. Graham, the reconciling language on the part of the District of Columbia to match the legislation previously passed by Virginia and Maryland, where are we in that process? I know there has been some good signals sent, but legislatively where are we?

Mr. GRAHAM. Thank you, Mr. Chairman.

The legislature in Virginia and the legislature in Maryland have now passed, and just recently passed, identical legislation for the compact amendments. On May 5th, I will introduce in the Council as emergency legislation the identical legislation, which means that certainly in the month of May we are going to be ready to present to Congress the compact amendments that are required by the authorization act.

Mr. LYNCH. Great. Well, that is perfect. The sooner the better, obviously. I wouldn't want to give any reason for the President's budget team to see an obstacle there and to send the wrong signals that that money is not prepared to be used or that there are any obstructions there. So if we could get that wrapped up, that would be enormously helpful. I just don't want to leave any obstacle in the way.

Mr. Catoe, I am actually part of the Rail Security Caucus here in Congress and spend a lot of time. I think the numbers are that in this country we have about five times as many people who travel by rail as do by airplane. We have spent a lot of money on security in airports. I don't think we have spent nearly what we need to in terms of rail security.

You are part of a system, this Northeast Corridor, that handles a huge portion of our rail passengers every day. And because of all of the things you have mentioned today about this being our Nation's Capital, moving so many Federal employees, being the heart of our Federal Government, being the Nation's Capital so we have extremely large celebrations, historic moments here in the capital. The inauguration is a perfect example.

You know, I think as someone who had their family down for those festivities, the Metro really delivered very, very well. I wish all the parts of our system worked as well as Metro did.

But what is being done to coordinate the larger, I would say terrorist-centric dimension of rail security with the D.C. Metro? I mean, how is that working out? Do we have good coordination? I know you have the chief behind you. He probably can answer. I don't want to put him on the spot, but how is that going?

Mr. CATOE. Our relationship with TSA, the Department of Homeland Security and the Federal Transit Administration, I would rate it as excellent. I have had meetings with all three agencies to talk about coordination of security, not only in Washington, but across the United States. They have been helpful. Could we use more moneys in security? Absolutely. But given the resources that we have, we have maximized those resources. We have had great support from the TSA, as well as the Federal Transit Administration.

So from a coordination standpoint, given the resources that we have, it is a very good relationship and it is excellent coordination.

Mr. LYNCH. OK. Let me ask, I just came back from Mumbai. You know, we have done a lot of coordination with different jurisdictions that have been affected. We had a rail summit with the cooperation of the folks in London. It seems to me that the greatest value has come from training rail workers to actually handle that situation. And some folks think they have a plan, but if the employees don't know the plan, we don't have a plan. The rail crews that are on those trains that in the event, God forbid, we have a disaster on the Northeast Corridor or on the Metro, those folks have to know what they need to do.

That has been deficient in a lot of other jurisdictions. How is that piece going with your employees?

Mr. CATOE. It is going very well. Our chief of police, he worked with us, and then he worked for the Federal Transit Administration. We had a national responsibility for developing training programs on safety, as well as on security issues. He brought that experience back to us, and as a result not only do we have written publications that have been given to each employee, but we also have training for all employees and constant reminders of the importance of being the eyes and the ears of security.

And also, we are taking it a step further. We do periodic announcements to our customers, as well as provide information to this region, asking them to support us in providing security for the system.

Mr. LYNCH. Great. I see my time has expired.

At this point, I would like to yield 5 minutes to the gentleman from California, Mr. Bilbray.

Mr. BILBRAY. Thank you, Mr. Chairman.

First of all, I want to apologize for my tardiness. Those of us in California don't function with rain very well, so you just understand that we were all looking up saying, what is that wet stuff?

Let me first, Mr. Graham, congratulate you on your chairmanship. I come from where you are coming from. I served as chairman of the San Diego Trolley Board. In fact, I was on the board that built the light rail system when everybody said no one is ever going to have rail transit in southern California.

But there is a whole lot of challenges we get into it. And this, Mr. Catoe, works, came out of BART, right?

Mr. CATOE. The Los Angeles system, sir.

Mr. BILBRAY. OK. Yes. In fact, I will tell you we had some run-ins with our insurance companies over the problems you ran there, trying to build two systems simultaneously.

Mr. CATOE. Yes.

Mr. BILBRAY. I guess we left a bad example for you. You looked at our success and figured it was easy, but you learned real quick how tough it was.

But Mr. Graham, my biggest concern coming from local government, I was chairman of a county of 3 million. I served as chairman of the Transit Board. And the disconnect between local land use and local policymakers and mass transit. I think that one thing we can say, probably only two things that we can point to for the American people that really work well in this community, and that is the meter maids and the transit system. I apologize to the Dele-

gate, but as a local government guy, the frustration of always we don't do enough in local government.

One of the studies, Mr. Graham, that we really looked at when I was serving on the Air Resources Board in California was the huge benefit in air pollution and reduction in fuel consumption if the locals will coordinate development patterns to reflect the market demands for transit. I think too often, especially, it is one of my frustrations in southern California, they say why don't we have more. And I say, well, there is no market there. We haven't developed in a pattern of market.

Though D.C. probably as well as any community has tried to respond to opportunities created by the Metro, how aggressive are we in our local land use patterns in this region of actually not only allowing, but mandating intensification of development around these transit centers? Not just after they are constructed, but a good example is the proposal out to the airport. How much pressure is being put on the local people to re-think, re-engineer, and re-zone even in opposition to local community concerns, based on the fact that this transit system needs to have that kind of support?

And I say that with the former chairman of Fairfax out there. We need to put that pressure on. And I say that from an environmental point of view, that I just had a community abandon its density around a transit center. And I understand. I came from a small city. But is there anybody there doing the pushback to look at the big picture and try to counter that not in my backyard so that we address these things properly, both from the environmental and to make Metro more economically viable?

Mr. CONNOLLY. Would the gentleman yield?

Mr. BILBRAY. Yes.

Mr. CONNOLLY. Just because you did invoke my jurisdiction, I am pleased to assure my colleague, in the Dulles corridor, which is 23.1 miles, we completely re-did the re-zoning at high end density so that it will be a transit-oriented development corridor along all of the planned stations, a very dramatic change in land use pattern. It was not without some controversy, but we did it.

Mr. BILBRAY. Yes, in fact, I will just say, Mr. Graham flat out, as somebody coming from the air side, I believe that the Clean Air Act should be amended to require it so that it helps local people to do the right thing, because the politics pushes the other way, as you know, and as the former chairman knows. But as a local government guy, I would like your comments about that whole issue. And I know it is not something we talk about because this is long term, but it does matter. Go ahead.

Mr. GRAHAM. Well, Congressman, you have already referenced the fact that you have one of the leading experts on this issue, a member of your very panel here, and that is Congressman Connolly, who has spent a lot of time making these things happen in northern Virginia.

Let me just speak for the District of Columbia. I mean, we have truly embraced the whole concept of restore the core, you know, and do the joint development program at Metro-WMATA. And you can see virtually all of our stations in the District of Columbia have benefited from the joint development efforts.

And there is example after example. In fact, I think in some ways, with all due respect to my fellow, my colleagues on the Metro Board, I mean D.C. has led the way, you know, Columbia Heights, U Street, Georgia Avenue, Downtown, Gallery Place. If you look at our living downtown, so much of this is traceable right back to Metro's abilities to develop the land near its stations.

And so I think it is really a huge success story. I occasionally chide our distinguished general manager that I think we should do a far more flamboyant job of saying how well we are doing in this regard because it has made an absolutely critical difference in the District of Columbia.

Mr. BILBRAY. OK. And just to be balanced on this, a lot of this is not the community opposition. A lot of times intensification development is the property owner, the land developer will not be looking 20, 30 years ahead. He is looking for what is marketable today, and not worrying about the big picture.

And I think this issue of siting of transit centers in a community is a responsibility that the community has to reflect that part of having the privilege of having these lines come in, is that they need to accommodate them to where they are economically viable. And you have developers sometimes who do not want to develop out to the density. And I have told them flat out, I would rather have an empty lot that someday will be dense, rather than average out and allow you to respond to an existing market today, rather than looking to the future.

Thank you very much. I yield back, Mr. Chairman.

Mr. LYNCH. Thank you.

The Chair now recognizes the gentlelady from the District of Columbia, Ms. Holmes Norton, for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman.

I congratulate the District as the first to put up its share initially when we were going for these funds, and it helped our advocacy.

I don't know, Mr. Bilbray, I like to ascribe Mr. Catoe's success to the fact that he is a native Washingtonian, but I guess I will let that go.

Let me ask you both this, WMATA has recently listed its use of recovery funds. Will those be obligated? You know, we are tracking these funds, and there is another committee I am on, Transportation and Infrastructure, has a use it or lose it rule. What assurance can you give us that those funds will be obligated within those 90 and I guess 120-day timeframes?

Mr. CATOE. Congresswoman, absolute assurance. In fact, the communications I have given to the Federal Transit Administration has been WMATA will spend their dollars on capital programs that, again, help the operation of the system before the time line indicated in the legislation.

Ms. NORTON. Do you have any idea how many jobs will be created?

Mr. CATOE. Yes. Over 4,800 jobs will be created.

Ms. NORTON. I was amazed to note that you apparently have had some trouble getting bus drivers, or at least that was what was said when there was a bus driver who was caught in some kind of malfeasance, and he turned out to have been recently released from prison. We like the fact in this committee that ex-offenders can get

jobs of that kind. He seemed to have been rather recently released. A spokesman said, spoke of the difficulty in getting bus drivers.

Here are good union high-paying jobs. Could you explain what the difficulty has been?

Mr. CATOE. Well, we have not had difficulties in the recent years, recent 2 years. There have been peaks and valleys if you go back and look over the past 10 years of the availability of individuals for that work force. But recently, when we had a job fair, we had hundreds and hundreds of applications, in fact over 1,000.

The issue comes when we go through the screening process, that number drops significantly. Out of 1,000 applicants, 100 might make it through the screening.

Ms. NORTON. Apparently, you could have a felony, and I am not arguing against that. It seems to me it has to be job-related in order for somebody to be disqualified because he has been in prison.

So what is it? Because people have not—I mean, you train drivers, don't you?

Mr. CATOE. Yes, we do. We train drivers.

Ms. NORTON. So the numbers drop, and I say this man was recently released from prison, and could become a driver. I am wondering what it is. Certainly having a record isn't the reason it drops. What is the reason that the numbers drop so precipitously?

Mr. CATOE. Primarily, you know, it is the skill set. It is the hours that we work once people get into the interview process. Often it is a felony record. We require that employee not have had a felony or major one in the last 2 to 4 years. This was an anomaly in our process. It was something that occurred. The felony occurred 10 years before. Unfortunately, we didn't take into effect that he was in prison during that 10 years. We have corrected our processes since then. I can assure you that will not occur again.

But in fairness, of the employees that we have hired to happen to have had some felony, and we have several of those, they have been outstanding operators, outstanding employees.

Ms. NORTON. And we would certainly encourage that. That was unfortunate.

A great priority of mine and of the Congress, of the administration, is alternative fuels. I don't know if the hybrid buses—I know the natural gas buses. When you buy new equipment such as buses, are you focusing on greening WMATA?

Mr. CATOE. Yes, yes we are. Every vehicle that we purchase now, every bus will be either a hybrid or compressed natural gas, and that decision was made by our Board of Directors several years ago.

Ms. NORTON. That is just exceptional news. Some of us fought up here for WMATA to buy natural gas buses during the last go-round. It was quite a fight. I know that there is some difference in cost, but we found and came to understand those differences are very important.

The Amalgamated Transit Union has written a letter that we have received that we allow the use of Federal transit funds for operating assistance purposes. I think they were concerned with the layoffs that have been so decried in this region. Would this help solve your dilemma? Can any of those funds be used to help thwart

the layoffs? Is there any flexibility on this issue that you have or would suggest?

Mr. CATOE. There is some flexibility under the preventative maintenance. For the upcoming budget, we did transfer additional preventative maintenance dollars. It relieves your operating side, but when you take from one side to the other, you are creating a larger problem on your capital side, and that's where we have the largest need. But any funding that we receive, of course, helps us provide the services that we need in this region, but we can't take all of our capital dollars and turn them into operating expenses.

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. LYNCH. Thank you.

The Chair now recognizes the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. I thank the Chair.

And let me welcome both Chairman Graham and Manager John Catoe to the subcommittee hearing.

Mr. Graham, I want to thank you for your willingness to introduce emergency legislation. Quite candidly, I wish you didn't have to because I actually think the D.C. approach is the correct approach, because the big sticking point is whether we have permanent Federal membership on the Metro board or not. My view is we should have Federal voting representation so long as Federal funds are flowing.

And while I understand the necessity, and I completely agree with the chairman, we don't want any impediment or any excuses for that \$150 million matching Federal funds. I do believe that we are going to come to regret some day in the future having two Federal members who are going to be voting on how localities should be spending their money. I just think, you know, and then you are going to have to amend the compact at some future date, wondering how did this happen. But unfortunately, we didn't win that battle, but I think you were right in the first place.

I recently introduced a bill that authorized extensions of Metro-rail's Orange, Blue, Yellow and Purple lines in northern Virginia.

Mr. Catoe, I just wonder if you might comment on how that might help or hurt Metro, and what your attitude is about future extensions?

Mr. CATOE. Well, it is going to be critical as we move forward to the future to have extensions. And with those extensions, not only the extension of the line, but looking at another portal coming into our main service area. So your legislation, it is timely. We are reaching capacity very quickly on our route system, and this legislation begins the process of taking that into consideration for future expansion.

Mr. CONNOLLY. The Federal Government process for funding transit is quite different than the Federal Government funding of roads and bridges. Could you comment on that a little bit? And any ideas based on your experience, especially with most recently rail to Dulles, but in any expansions of the Metro system, any suggestions about how we might streamline the Federal process?

Mr. CATOE. Absolutely. The suggestion is to make the transit funding process very similar to the highway process. It is more complex. It requires a cost-benefit analysis. The process to go

through takes longer, as you are very aware of with the Dulles extension. And I have had discussions with the Federal Transit Administration. They are aware of it. It will take some action on the part of, I believe, Congress to change the legislation. You will have that opportunity with the reauthorization bill that is coming up this year.

Mr. CONNOLLY. I look forward to working with Chairman Oberstar in trying to do that, and you as well. Mr. Graham made reference to the economic benefits, and I think rightfully so, say D.C., and the inner suburbs, Arlington and inner suburbs of Maryland, clearly show the transformative value of the transit investment.

I was here. I lived in Washington, DC, in 1972 through 1977, so I saw pre-Metro Washington and post-Metro Washington, and it has been nothing short of transformative. And I think Mr. Bilbray is right in raising that issue of the land use relationship, but also what is the return on investment.

Have we got some methodology for calculating what the return on the investment in Metro has been for the national capital region?

Mr. CATOE. The latest numbers, in fact I had them updated today, show that an investment of \$25 billion, but when we updated that number, we found that really the investment has been \$40 billion in the District of Columbia only.

Mr. CONNOLLY. You mean the economic investment?

Mr. CATOE. The economic benefits of the Metro system.

Mr. CONNOLLY. Wow.

Mr. CATOE. And it is much larger when you take it regional.

Mr. CONNOLLY. And what was the original Federal investment?

Mr. CATOE. I don't recall—\$6 billion?

Mr. CONNOLLY. A pretty good return on investment.

Final question, because I am going to run out of time. We don't yet, but hopefully as Mr. Lynch said we will soon, have a dedicated source of funding through this legislation. How do other transit systems do it in terms of dedicated funding sources?

Mr. CATOE. Generally, most transit agencies have a local sales tax or it is specified in their State legislation that a portion of the State revenues will go to public transit. We are unique, the only large transit property in the United States that does not have a sales tax funding source.

Mr. GRAHAM. Could I just add, because we are right in the middle of doing our D.C. budget, and I just want to add that the District of Columbia will be sending more than \$300 million in our subsidy and other financial contributions in fiscal year 2010 to give you some idea of the magnitude of the local support that the District of Columbia is providing to the system.

Mr. CONNOLLY. I know my time is up, Mr. Chairman, but I can't help but observe on the tragedy of 9/11, I remember very well there was, thank goodness, an abortive event to close Metro. Had we in fact closed Metro that day, I think we would still be in gridlock in this region. But thanks to Metro, a situation that could have been much, much worse was not, and it just underscored just the importance of the Metro system in getting workers, especially Federal workers, to and from their homes.

Thank you, Mr. Chairman.

Mr. LYNCH. Thank you.

I know that we have two Members that are trying to get here for this panel. Why don't I do this. I know we don't exhaust all of the issues in our questioning. How about, you know, Mr. Graham and Mr. Catoe, if you have any issues that we haven't touched upon that you think are keenly important to the system and to our work, I would like to give you each, say, 5 minutes to address the issues that are on your mind most prominently, and if any of that embraced the issues that you might have. I read the audit report from 2008. I noticed a pretty good spike in utilization of workers compensation, a pretty good spike or gap in funding on the pension side. If you might have information on those couple of issues, we would like to hear that. And hopefully by the time you are finished addressing those, the Members might be here. I don't want to keep you longer. You have been very generous with your time, but please.

Mr. GRAHAM. Well, I will gladly take this opportunity, Mr. Chairman. As I was making my presentation, I went through a few pages because of time running out. But again, as mentioned, the Metro system is beginning to feel its age. An analogy I like to make, it is like a house that is over 32 years old, and we need to go beyond the spring cleaning or paint job. We need some major work done, with a wet basement, rusty pipes, and old wiring and other issues.

And so from the standpoint as we look toward the new transportation bill, the reauthorization, we in the industry like to talk about this authorization as ensuring that sufficient funds are there to keep major transit agencies in a state of good repair. The Federal Government has made a tremendous investment in this system, and that investment needs to be kept in a state that we can continue to move people as we do today, and also to expand that. So that is a point as you look forward.

From the standpoint of workers compensation, when I arrived here just over 2 years and 4 months ago, we had major issues from a safety standpoint for our employees and our customers. We have come a long way. We have had recently, and it was communicated to the board, decreases in the number of work-related injuries, 10, 20, 30 percent of injuries over the past 2½ years. That still isn't good enough, and we are working to reduce that even more so.

From the standpoint of issues with our customers, our operators have been performing at a much higher rate of safety. We have moved from a situation of the nightmare of five fatalities my first year in 2007, and pedestrian fatalities to zero last year. And knocking on wood, zero hopefully for the next decades and decades ahead. I attribute that to our safety program and the attention of our senior operators.

We are working very hard again on the workers comp. We have hired a new risk manager who began 2 weeks ago. We have the claims down. Now, we are really managing those claims far better than what we had before. And so we are in a transition as an organization that is focusing on safety, and you will see major improvements both financially as well as in the number of injuries.

From a pension standpoint, like every organization around the country and every Federal and private agency, we have been hit

tremendously by the downturn of the stock market, and as a result we will be looking at—we still will make our contributions. We are committed. They're sufficiently funded, but in order to make up that difference, it is going to take a longer period of time.

Mr. LYNCH. Very good. I understand.

We have one of our Members just trying to get in. In the meantime, I would like to offer Ms. Holmes Norton a chance to expound on an earlier question.

Ms. NORTON. Thank you, Mr. Chairman.

I didn't get to ask a couple of questions.

First, let me ask when was the last fare increase for WMATA?

Mr. CATOE. One year ago January there was a fare increase that was in place.

Ms. NORTON. My impression is that what you are trying to do today you, of course, have to do. The notion of fares going up, my impressions is that WMATA has withheld fare increases over long periods of time, and then had to raise fares. And I wonder if you have given thought to, or if other transit systems, simply put off the day of reckoning and then have to make a larger fare increase than would otherwise be necessary, just because they hate it and the public hates it. So they're going to hate it, but they may hate it more if you have to make up for lost time.

Mr. GRAHAM. Well, if I may respond to that, Congresswoman.

Ms. NORTON. Yes, sir, Mr. Graham.

Mr. GRAHAM. What we were ending up with when we started talking about a fare increase was a very tiny amount of money in the scheme of things. We were talking about a remaining budget gap of \$29 million. And as we were able to demonstrate, the jurisdictions rapidly came up with more than half of that in additional subsidy payments, including the District of Columbia, Fairfax County, and elsewhere.

Ms. NORTON. Well this time, Mr. Graham, I understand. I was, and you have been, on the WMATA board before. Actually, because I don't see how you could have raised fares with a straight face. But I am wondering whether or not transit authorities have any policy on whether or not it is best to wait for a long period of time. You just raised one, so it would have been terrible to raise another. Let the needs buildup, because the public hates it so bad, or that is just you have to, you just have to do that almost politically and decide when you can do it and when you can't.

Mr. GRAHAM. Well, I can express my own personal philosophy in this regard.

Ms. NORTON. Thank you.

Mr. GRAHAM. I have generally not favored fare increases except when it was absolutely necessary. And we did it a year ago January, as Mr. Catoe pointed out. At that time, we held the bus riders harmless in terms of any increase on the theory that they were the least able to pay. But we did manage to raise the revenues that we needed all the same. And I think having just raised the fares, you know, I don't think we want to go back to that well when we don't need to. And the fact of the matter is this \$29 million remaining budget gap was rapidly filled within a few days by the jurisdictions.

Ms. NORTON. You know, when people saw that what they faced was——

Mr. GRAHAM. That tells the tale.

Ms. NORTON. Yes, raising fares, they quickly came over.

Could I just ask Mr. Catoe perhaps to get this back to me. WMATA may have to take the lead on this. I have been getting money in the transportation bill because WMATA needs the First Street tunnel where Amtrak or Union Station is located, because of the need to improve access to VRE, MARC, to the NOVA section of D.C.

And in order to continue to get those funds, somebody is going to have to take the lead. It seems to me that between Amtrak and WMATA, and WMATA has the most to gain, we all need to meet. I have had pretty good luck, but there is a reauthorization coming up, so that is when you have the best luck.

I wonder if you have any views on that or any plans, given the fact that these are really regional trains, rapid rail and the like coming in to Union Station and redoing where they can go to accommodate more such transit.

Mr. CATOE. Absolutely. In fact, we are participating, but I have directed my staff to work with the entire region in taking a leadership role in the coordination of rail services to ensure that we are using similar technology and also to ensure the connectability of the system.

So we will be getting back to the committee with the latest update on this very shortly, but we are actively involved and I can assure you we will stay involved and take whatever role that is necessary.

Ms. NORTON. Thank you very much.

Mr. LYNCH. Thank you.

The Chair now seeks unanimous consent to allow Mr. Van Hollen, the gentleman from Maryland, to proffer questions to the witnesses.

Hearing no objection, the gentleman from Maryland is now recognized for 5 minutes.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I thank you for holding this hearing, and I want to thank you for your support for what is often described as the Nation's Metro system, because it does carry so many Federal employees to work every day that do the work of our country here in Washington.

And I want to thank both the gentlemen for their testimony.

Council Member Graham, I commend you for the legislation that you have introduced. I think when you complete action on that, it will mean Maryland, Virginia and the District of Columbia have all passed the required legislation to conform with the requirements for the additional Federal funds for Metro. So we look forward to continuing to work with you on that effort.

Mr. Catoe, congratulations on a good strong start. I know it has been a little while now, but things seem to be going well, although I do have a couple of concerns that I want to raise. And this is in the context, first, let me ask you about the stimulus dollars, the economic recovery plan dollars. If you could just provide some real detail on exactly what additional funds the Metro system expects

to receive as a result of the economic recovery plan, and what exactly that means with respect to WMATA operations.

Mr. CATOE. We will receive approximately \$202 million as part of the economic stimulus package, some for buses, transit vehicles, fixing platforms, rail work, and heavy equipment for the rail system. To date, we have 40 of those contracts on the street, so we are ready to move forward to spend the moneys, and we have sent our necessary paperwork to the Federal Transit Administration. That process is moving very smoothly.

Mr. VAN HOLLEN. Now, do you expect to receive that \$202 million in this fiscal year over what period of time?

Mr. CATOE. We expect to commit 80 percent of the dollars by September, and the remaining 20 percent by the end of the calendar year.

Mr. VAN HOLLEN. OK. And so by the end of the calendar year, you will expect all of the contracts to have been let? Is that correct?

Mr. CATOE. Yes.

Mr. VAN HOLLEN. OK. I do have a concern. I know you hopefully have received a letter that Steny Hoyer and I and Donna Edwards sent to you and your team about the cuts that have been made in Metrobus in the suburban Maryland area, in both Prince George's and Montgomery County. I mean, we are very concerned about the impact. More people obviously rely on public transit during a period of economic downturn. Our hope had been that these stimulus dollars, these additional stimulus dollars would allow you to continue to operate these kind of lines. And so a lot of people are wondering, you know, where did that money go? How come we can't use some of that money to make sure that people can continue to get to work?

Mr. CATOE. Well, some of those moneys can be used for preventative maintenance, which would offset some of the cost. We just had a series of hearing, five of those. Tomorrow the Board of Directors will consider what it needs to do to close the gap, which is just slightly over \$13 million. Capital dollars or stimulus dollars can be used to close the gap or other reserve moneys that we have, or we can make the service cuts. Those discussions will occur tomorrow.

I might like to mention that Chairman Graham did propose that at one time that we use stimulus dollars. That, again, decision will be discussed tomorrow.

Mr. VAN HOLLEN. Well, I encourage you, and Mr. Chairman, thank you for proposing that we use stimulus dollars to keep some of these lines and services operational because again, as we said, more and more people are turning to Metro in these economic times, and we of course want to encourage people whether times are tough or times are good to use our public transit system. So I hope we wouldn't be cutting those services.

If I could just ask one other question, Mr. Chairman, with respect to where Metro stands now on the issue that arose last year with respect to the lease-back payments that were then essentially guaranteed through AIG and the credit default swaps. There was the threatened litigation. I think we all worked together to try and mitigate the impact. If you could just give us an update on where things stand.

Mr. CATOE. OK. Thank you very much.

We had 16 lease-back transitions, 3 which we resolved and closed; 1 through the court process we came to a settlement. We have 12 remaining. Again, they are no longer any AAA-rated insurers, which technically put us in default, which would expose millions of taxpayers' dollars. They are still at risk in spite of the fact we are making all the payments. And so we are hoping that there will be some legislative solution or an administrative solution from the Treasury Department. Thus far, no other banks have notified us that they are going to declare us in default, but technically they could do that any day.

Mr. VAN HOLLEN. All right. Well, we look forward to continuing to monitor that situation.

And again, I hope tomorrow we will not make those service cuts. Thank you, Mr. Chairman.

Mr. CONNOLLY. Mr. Chairman.

Mr. LYNCH. Yes?

Mr. CONNOLLY. Just real briefly. Mr. Catoe just mentioned that there are no AAA insurers left, and that is a problem for all municipalities issuing bonds in the United States. I have some legislation that is before the House Finance Committee. We are going to have hearings in May on that legislation that would address that situation.

Mr. LYNCH. Thank you.

Well, we want to thank the witnesses for being so free and candid and generous with your time. We are sure that there will be other hearings where we will have to call you again for your opinions and recommendations, but thank you for attending this hearing and we bid you good day.

Mr. CATOE. Thank you, Mr. Chairman.

Mr. LYNCH. I would like to call forward the second panel.

Welcome. Thank you for appearing for this subcommittee to help us with our work. It is the custom in the subcommittee to ask all witnesses to be sworn. Would you please stand and raise your right hands?

[Witnesses sworn.]

Mr. LYNCH. OK, let the record show that each of the witnesses has answered in the affirmative. Your entire statement will be entered into the record.

Let me first offer a couple of brief introductions of our witnesses for the benefit of Members present.

Ms. Helen Lew is the first inspector general to be appointed by the Board of Directors of the Washington Metropolitan Area Transit Authority. She began her tenure in May 2007. As the inspector general, she conducts audits, investigations and evaluations relating to WMATA activities to prevent and detect fraud, waste and abuse, and to promote economy and efficiency.

Mr. Matthew Welbes is the Executive Director and Acting Deputy Administrator of the Federal Transit Administration. Mr. Welbes directs the daily operation of the agency in support of public transportation services in communities across the United States. He supports the FTA Administrator in providing leadership and establishing direction on public transportation policies, budgets and strategic priorities. He also guides the management of the agency's

\$10 billion annual budget and the 500 people who serve FTA's customers.

As you can hear, we are being summoned to the floor for votes. I think, however, we could probably put a good dent into opening statements, and then recess briefly, and then come back for the questioning portion, if you don't mind. OK? All right.

Ms. Lew, you are recognized for 5 minutes for your opening statement.

STATEMENTS OF HELEN LEW, INSPECTOR GENERAL, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY; AND MATTHEW J. WELBES, ACTING DEPUTY ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION

STATEMENT OF HELEN LEW

Ms. LEW. Mr. Chairman and members of the subcommittee, I would like to thank you for the opportunity to testify today about our work at WMATA.

I am the first WMATA inspector general. Our office was authorized by resolution of the Board of Directors in 2006 and I began my tenure in May 2007. I report to the board, and as such I am independent of management. We conduct audits, investigations, and evaluations of WMATA activities to prevent and detect fraud, waste and abuse, and promote economy, efficiency and effectiveness.

We also oversee the annual financial statement audit and the single audit of major Federal programs that are performed by an external audit firm.

I will highlight our work and that of our external auditor in two of the four subject areas for this subcommittee hearing.

Internal controls and capital improvement projects. In our audit of fare media sales, we found that the point of sale system maintained by a contractor lacked proper internal controls and management oversight. For example, log-on identification codes and passwords used by clerks and supervisors were not unique or confidential. There was no analysis of system logs, exception reports, and edit checks. There was no in-house oversight of the day to day operation of the system. Management concurred in our findings about the system and is working to improve oversight and internal controls.

Our audit of WMATA's accounting of capital expenditures from Federal funds, we found incidents totaling \$314,000 where WMATA did not use grant funds in accordance with the grant agreement. For example, a \$264,000 expense for computer was improperly charged to a grant for bus purchases. A \$47,000 expense for motorcycles was improperly charged to a grant for rail maintenance. Management has since applied the expenditures to alternative funding sources, as well as reorganized its grant management process to improve oversight and internal controls.

Our external auditor identified issued an unqualified opinion on WMATA's financial statements as of January 30, 2008. This type of opinion means that the financial statements were fairly presented in all material respects. Nevertheless, the external auditor identified 11 significant deficiencies. The most notable of these

were inadequate information technology controls, such as user access not promptly revoked upon employee termination and the lack of a disaster recovery plan.

The external auditor also identified one incidence of noncompliance with Federal regulations relating to safeguarding a bus equipment purchase with Federal funds. These deficiencies are still open.

Our work in the area of capital improvement projects takes the form of contract attestations and contract performance audits. In contract attestations, we look at a contractor's proposed or claimed price and cost data and recommend adjustments, if any, for consideration in contract negotiations. Since May 2007, we have reviewed over \$124 million in contractors' proposed and claimed costs and recommend reductions of over \$26.3 million. Our contract performance audits focus on whether a contractor is meeting the terms of a contract.

A case in point is our audit of WMATA's contract to upgrade bus fare boxes and SmarTrip cards and fare collection equipment. We found that the contractor missed deadlines primarily because of its untimely decision not to support the original software and WMATA's delay in deciding to implement upgrades to the software. We recommended measures to mitigate the effect of future delays and reduce the risk of obsolete technology. Management agreed.

In summary, we have accomplished much in the 2-years since our office came into existence. Management has been responsive to our performance audit recommendations, concurring with and implementing corrective action to address the vast majority of them.

As we go forward, we expect that our contract attestation and our contract performance audits in particular will play a valuable role in maximizing the efficient use of funds for capital projects under the American Recovery and Reinvestment Act.

We look forward to continuing to fulfill our independent oversight role, working with the WMATA board and the general manager.

Mr. Chairman, this concludes my prepared testimony. I will be pleased to respond to questions from you or other members of the subcommittee.

[The prepared statement of Ms. Lew follows:]

Testimony
of
Helen Lew, Inspector General
Washington Metropolitan Area Transit Authority
before the
Subcommittee on Federal Workforce, Postal Service and the District of Columbia
United States House of Representatives

April 29, 2009



Testimony of
Helen Lew, Inspector General
Washington Metropolitan Area Transit Authority

Mr. Chairman and Members of the Subcommittee:

I would like to thank you for the opportunity to testify today about our work in the subject matter areas you identified in your April 15, 2009, request letter.

BACKGROUND

I am the first Inspector General appointed by the Board of Directors (Board) of the Washington Metropolitan Area Transit Authority (WMATA). The Office of Inspector General (OIG) was authorized by a Resolution of the Board in 2006, and I began my tenure in May 2007. I report to the Board, and as such I am independent of management. Congress recently passed legislation¹ that, if adopted by the three Compact signatory jurisdictions,² would establish OIG statutorily.

Much like a federal agency OIG, we conduct audits, investigations, and evaluations relating to WMATA activities to prevent and detect fraud, waste, and abuse and promote economy and efficiency. The WMATA Board Resolution also specifically tasked us to "supervise the Authority's annual independent audit of financial accounts and perform a quality assurance review of the audit." Accordingly, we oversee the external audit firm³ that conducts WMATA's annual financial statements audit and the Single Audit⁴ on major federal programs. Additionally, we coordinate external audits

¹ Title VI of the Passenger Rail Investment and Improvement Act of 2008, Public Law 110-432.

² The District of Columbia, Maryland and Virginia.

³ Currently, Clifton Gunderson LLP.

⁴ An audit of a federal grantee receiving \$500,000 or more in federal funds to determine compliance with the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

performed by the Government Accountability Office, the U.S. Department of Transportation's Federal Transit Administration (FTA), and the U.S. Department of Homeland Security.

We track recommendations that result from our audits and audits conducted by our external auditor to ensure that management implements appropriate corrective action. We keep the Board informed of management's corrective action implementation through reporting to the Board's Subcommittee on Audits and Investigations.

Our investigations run the gamut from employee misconduct, both criminal and administrative, to lack of compliance with internal policies and procedures. In those cases where it is appropriate, we make recommendations to management based upon our investigations and track management's response. Our Investigations Office operates a Hotline that employees, contractors, and members of the public may use to report information about fraud, waste, and abuse.

We have issued three Semiannual Reports, which are available publicly on our office's web page, www.wmata.com, as are our performance audits. The Semiannual Reports provide a high-level overview of all our work during a six-month period.

This Subcommittee set out four subject areas for this hearing: current financial condition and internal controls, proposed operational and/or service changes, latest safety and security initiatives and pending capital improvement projects and funding updates. I will highlight our work and that of our external auditor in two of the four areas—internal controls and capital improvement projects.

INTERNAL CONTROLS

In our two most recent performance audits, we found internal control deficiencies in WMATA's fare media sales system and the process for accounting and reporting capital expenditures from federal grant funds.

Internal Control Review of Fare Media Sales: Our audit of WMATA's fare media sales⁵ found that the Point-of-Sales System, maintained by a contractor, lacked proper internal controls and management oversight. For example, log-on identification codes and passwords used by clerks and supervisors were not unique or confidential. There was no analysis of system logs, system reviews, exception reports and edit checks. There also was no WMATA employee assigned responsibility for overseeing the day-to-day operations of the Point-of-Sales System. Management concurred with our findings about the system and is working to improve oversight and internal controls over this system. Sales clerks and supervisors now have unique system access. Management is in the process of evaluating the feasibility of upgrading the current Point-of-Sales System or integrating this system with WMATA's current and planned systems to ensure improved security, management controls, access, reporting capabilities and maintenance.

We also found that WMATA's decentralized organizational structure for fare media sales, which is spread over four offices, does not ensure proper oversight and accountability. Management concurred with our finding and recommendation and is studying the feasibility of reorganizing under one office.

We had numerous other findings about lack of internal controls in fare media sales.⁶ Management has taken corrective action to address these control deficiencies.

Review of Capital Projects: Our audit of WMATA's accounting of capital expenditures from federal grant funds⁷ found a few instances, totaling about \$313,600,⁸ where WMATA did not use grant funds in accordance with the grant agreement. For example, a \$264,000 expense for special computers was improperly charged to a grant for bus purchases. Although these computers were used in connection with bus operations,

⁵ *Internal Control Review of Fare Media Sales*, Internal Operations No. 09-04 (Dec. 30, 2008).

⁶ These include security equipment at some sales offices was not working, consignments of fare media maintained at sales offices were not reconciled when found to be short, and some redeemed (used) fare cards were not being shredded because of equipment failure.

⁷ *Review of Capital Projects: Internal Controls*, Internal Operations No. 09-03 (Dec. 23, 2008).

⁸ This was less than one percent of our sample.

they were not eligible for the grant funds because they were not installed in the buses. A \$46,600 expense for motorcycle purchases was improperly charged to a grant for rail maintenance.

Management concurred with our findings and recommendations. It has reversed these expenditures by applying the charges to the alternative funding sources. Management also has reorganized its grant management process to improve oversight and internal controls.

External Auditor's Financial Statement Audit Opinion and Related Reports: Our external auditor issued an unqualified audit opinion on WMATA's financial statements as of June 30, 2008.⁹ This type of opinion means that WMATA's financial statements were fairly presented in all material respects in accordance with generally accepted accounting principles. Our external auditor identified 11 significant deficiencies as a result of the audit,¹⁰ such as:

- Capital asset reporting was inadequate because of limitations in the computer tracking system that prevents management from recording accurate capital asset acquisition dates.
- Certain inventory items maintained in the computerized inventory tracking system lacked documentation.
- Financial statement preparation personnel in the Office of the Chief Financial Officer were not sufficiently knowledgeable to provide complete and accurate statements. (We recognize that new senior management is now in place, including a new Chief Financial Officer, Controller and Treasurer.)

⁹ The *Independent Auditor's Report on WMATA's Financial Statements as of June 30, 2008*. The financial statements are comprised of the "Statement of Net Assets," "Statement of Revenues, Expenses, and Changes in Net Assets" and "Statement of Cash Flow."

¹⁰ These deficiencies were included in the *Independent Auditor's Report on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*.

- Information technology (IT) controls were inadequate in several respects, including: not promptly revoking user access upon employee termination, user accounts were not periodically recertified, no final information systems security policy, no disaster recovery plan and an inadequate environmental control. These IT control issues could have security implications.

To date, the above deficiencies have not been corrected.

The *Single Audit Report*¹¹ stated that WMATA complied, in all material aspects, with federal requirements for all of its major federal programs for the year ended June 30, 2008. However, there was one instance of noncompliance relating to safeguarding of bus equipment purchased with federal funds.

CAPITAL IMPROVEMENT PROJECTS

Our work in the area of capital improvement projects takes the form of contract attestations and contract performance audits. In contract attestations, we look at a contractor's proposed or claimed price and cost data and recommend, if appropriate, adjustments for consideration in contract negotiations. Since May 2007, we have performed 141 contract attestations. We reviewed over \$124 million in contractors' proposed/claimed costs and recommended reductions of over \$26.3 million.¹²

Contract performance audits focus on whether a contractor is meeting the terms of the contract, including milestones and costs. I will discuss two such audits, both relating to the Regional Fare Collection Program.¹³ WMATA awarded multi-million-dollar contracts to two companies to implement a regional fare collection program which would integrate fare payment in the Washington/Baltimore region and to operate a Regional Customer Service Center (Service Center). The project experienced serious delays. We found

¹¹ *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.*

¹² Because these reports are based upon contractor proprietary information, the reports are not posted on the OIG website and are not publicly distributed.

¹³ *Review of Issues and Concerns on Cubic Contract*, Contract Audit No. 08-053 (Feb. 19, 2008); *Review of Issues and Concerns on ERG Contract*, Contract Audit No. 08-025 (April 29, 2008).

that Cubic Transportation Systems (Cubic), which was supposed to upgrade the WMATA bus fare boxes and provide additional upgrades to SmarTrip card and fare collection equipment, did not meet its deadlines. We found that this was primarily because of an untimely decision by Cubic not to support the original software and WMATA's delay in making a decision to implement upgrades to the original software. We recommended a number of measures to mitigate the effect of future delays, reduce the risk of obsolete technology, and improve the timeliness of decisions and on-time performance, with which management agreed.

The second contract was awarded to ERG Transit Systems (USA), Inc. (ERG) to operate the Service Center. Cubic's delay adversely affected ERG's performance. In addition, the level of staffing required to meet the contract performance requirements for the Service Center was underestimated, and as a result, performance measures fell short when changes were made to SmarTrip or fare collection policies. We also found that the contract did not include software licensing and software maintenance agreements, thereby placing WMATA at risk. Management concurred with our recommendations. Although some corrective actions have been completed, WMATA is considering other options for fare collection.

In summary, we have accomplished much in the two years since our office came into existence. I am confident that we have added value in identifying areas in WMATA's programs and operations that need improvement. Management has been responsive to our performance audit recommendations, concurring with and implementing corrective action to address the vast majority of them.

As we go forward, we expect that our contract attestations and contract performance audits, in particular, will play a valuable role in maximizing the efficient use of funds for capital projects under the American Recovery and Reinvestment Act and any additional federal funding of WMATA. In addition, we are in the process of developing risk-based strategies to help us focus our limited audit and other resources. We look forward to

continuing to fulfill our independent oversight role and working with the WMATA Board and the General Manager.

Mr. Chairman, this concludes my prepared testimony. I will be pleased to respond to questions from you or other Members of the Subcommittee.

Mr. LYNCH. Thank you very much.

Mr. Welbes, you are now recognized for 5 minutes. Thank you.

STATEMENT OF MATTHEW J. WELBES

Mr. WELBES. Thank you, Mr. Chairman and members of the subcommittee.

I appreciate this opportunity to testify today on behalf of the Federal Transit Administration. My testimony will focus today on FTA's financial assistance and oversight of the Washington Metropolitan Area Transit Authority.

Across the United States right now, public transportation is experiencing its greatest success in decades. Ridership is growing. Many transit systems have improved their operating efficiencies and there is widespread community support for all types of bus and rail and paratransit service.

WMATA exemplifies this success right now with ridership at record-breaking levels. WMATA's growth reflects in part the long-standing Federal, State and local public transportation partnership which in fiscal year 2008 FTA delivered \$237 million in funding for WMATA for capital investments, which is equivalent to 35 percent of WMATA's total capital expenditures for the year.

Most recently, on March 10th, FTA was pleased to host the signing of a full funding grant agreement for the Metrorail extension to Wiehle Avenue in northern Virginia, which is the largest Metrorail expansion since the original 103-mile system's construction.

Moreover, the American Recovery and Reinvestment Act brings some vital resources to the national capital region, providing \$214 million in public transportation funds for capital improvements. WMATA will receive \$202 million of this ARRA formula funding, and FTA is working closely right now with WMATA to ensure that the critical milestones are met for the use of these funds. As the money begin flowing, we expect the commuters in the region are going to see much-needed improvements to public transportation.

But like much of the transit industry in the country right now, WMATA faces some serious challenges as well. The success of growing ridership has put strains on equipment, rolling stock, and facilities. And the system is now in its fourth decade of operations and reinvestment is needed. Securing the resources to ensure that WMATA can continue to meet demand, operate safely and maintain its infrastructure is an evident need.

FTA has completed and is soon going to release a rail modernization study that was requested by the Congress. The study examines the seven largest U.S. rail transit agencies, including WMATA, and the study finds that more than one-third of the seven agencies' assets are in either marginal or poor condition. In addition, the study estimates that there is a backlog of unmet recapitalization needs of about \$50 billion at those seven agencies.

And FTA recognizes that WMATA's capital needs inventory covering the period from 2011 to 2020 is an important step. This inventory's identification of a total of \$11.3 billion for performance, capacity and customer experience improvements is very important. It is also important to note, and was noted earlier, that WMATA is the largest transit system in the country without a dedicated local funding source at this time.

In an effort to address that need for dedicated local funding, this committee initiated the recently enacted authorization of \$1.5 billion over 10 years for Federal grants to WMATA. FTA is closely monitoring the actions by the District, Maryland and Virginia which are required to establish the dedicated local matching funds to qualify for that Federal appropriation.

The upcoming reauthorization of the Nation's surface transportation law is going to provide an additional opportunity for considering ways to improve mobility. And Secretary LaHood has noted that the important element of reauthorization is going to be livability, and that means fostering pedestrian and bike friendly communities, providing more transportation choices, and offering better access to jobs and housing. And the Federal investment in WMATA's bus and rail systems has supported transit-oriented mixed-use development that contributes significantly to the clustering of regional activity centers near public transportation.

Finally, I do want to note that based on FTA's recent oversight reviews, WMATA is in general compliance with FTA's statutory and regulatory requirements. WMATA received nearly one-quarter of a billion dollars per year from the Federal Transit Administration. And as a result, FTA conducts a series of oversight reviews on a regular basis. We have conducted 10 oversight reviews in a variety of areas since 2004.

In general terms, WMATA's principal 2008 oversight review by the FTA identified findings in the areas of tracking vehicle maintenance, asset management, and grants management, some areas that Inspector General Lew also noted. FTA is providing direct technical assistance to WMATA to help address and close these findings.

In conclusion, the partnership between FTA and WMATA has provided significant transportation benefits to the national capital region over many decades. And I thank the subcommittee for the opportunity to discuss FTA's role in this important Federal investment.

Mr. Chairman, this concludes my testimony. I would welcome any questions.

[The prepared statement of Mr. Welbes follows:]

**Statement of
Matthew J. Welbes, Acting Deputy Administrator
Federal Transit Administration
Before the
Committee on Oversight and Government Reform
Subcommittee on Federal Workforce, Postal Service, and the District of Columbia
U.S. House of Representatives
April 29, 2009**

Chairman Lynch, Ranking Member Chaffetz, and Members of the Subcommittee, I am pleased to testify on behalf of the Federal Transit Administration (FTA) regarding FTA's resources and oversight involving the Washington Metropolitan Area Transit Authority (WMATA). I will first address the status of transit across the Nation and the challenges transit agencies are facing, with a focus on WMATA. I will then turn to FTA's general oversight framework for WMATA programs and grants. Finally, I will address the recent oversight reviews FTA has conducted of WMATA, noting the steps FTA is taking to provide technical assistance. Based on FTA's oversight reviews of WMATA and ongoing program interactions with them, WMATA is in general compliance with our statutory and regulatory requirements.

United States public transportation in 2009 is a true success story. In community after community we see greater ridership, increasingly innovative operations and key public support for its services. In general, transit agencies are increasing their use of productive marketing techniques and other business management practices with positive results for customers.

However, public transportation has even greater potential. This is a pivotal moment for communities to ensure public mobility by expanding travel choices and enhancing accessibility through public transportation. Also, while there is more to be done, transit has made major strides in promoting access to transportation for people with disabilities, including access to jobs.

WMATA illustrates this national trend. As has been reported, WMATA has experienced record ridership in recent months — hitting an all-time high of 1,120,000 trips on Inauguration Day. Metrorail ridership last month was more than 19.1 million passenger trips, which is a 3.24 percent increase from last year and a 7.91 percent increase from five years ago. This additional demand comes at a cost. Growing ridership has put strains on equipment, rolling stock, and facilities. Demand for service is on the rise while local revenues are strained.

FTA's nationwide partnership with state and local governments to support public transportation is evident in our relationship with WMATA. In fiscal year 2008, FTA provided \$237 million to WMATA for capital investments. This represented 35 percent of WMATA's total capital spending, or 13 percent of the agency's total capital and operating spending. The WMATA growth in ridership and the system's effects on regional development both demonstrate the value of the Federal investment.

The American Recovery and Reinvestment Act (ARRA) provides the Washington, D.C. region with \$214.6 million in public transportation funds for capital improvements. WMATA will receive \$201.8 million and FTA is working with WMATA to ensure that critical milestones are met for the use of funds. This investment will accelerate needed improvements for transit customers throughout the Washington, D.C. region including an allocation of \$16.9 million to MTA and \$13.7 million to the Potomac and Rappahannock Transportation Commission, Virginia Railway Express, and Fredericksburg Regional Transit.

Moreover, the reauthorization of FTA's programs, which will expire at the end of Fiscal Year 2009, will provide additional opportunities for considering ways to improve public mobility. As Secretary of Transportation LaHood has noted, an important element of the reauthorization should focus on livable communities. This means fostering pedestrian and bike-friendly communities, providing more transportation choices, and offering better access to jobs and housing. The WMATA bus and rail system investments have supported transit-oriented, mixed-use development that contribute significantly to the clustering of regional business centers near public transportation and offer an alternative to urban and suburban sprawl and automobile-focused commuting.

Nonetheless, the Washington, D.C. region and the Nation face great transit challenges. One of the biggest challenges is to secure the resources necessary to meet the increasing demand to operate transit and ensure that public transportation infrastructure is sound. FTA is about to release a report to Congress on public transportation regarding rail modernization investments. The study finds that among the seven largest rail operators, which includes WMATA, more than one-fourth of the rail assets are in marginal or poor condition and funding to bring assets to good condition is insufficient. The study identifies a backlog of unmet recapitalization needs of about \$50 billion for these rail transit operators. Additional investment is needed simply to maintain overall public transportation asset conditions. WMATA is no exception.

The current Metro Matters Funding Agreement ends June 30, 2010. Last year, WMATA developed an unconstrained Capital Needs Inventory to establish a baseline of capital needs, support development of a regional funding strategy, and to serve as a foundation for a strategic capital planning process. The inventory is split into three categories: investments to maintain the existing system in a "State of Good Repair" and deliver safe and reliable service (\$7.1 billion); investments to expand system capacity to meet growing demand (\$3.5 billion); and investments to improve infrastructure, service and business practices to provide more cost-effective, quality service (\$700 million). This needs inventory totals \$11.3 billion, or roughly \$1.1 billion per year for FY 2011-2020. The WMATA staff is currently prioritizing those needs and will present plans based on various funding scenarios in July. The Board will begin formal consideration of a "Beyond Metro Matters" program in September.

Transit authorities with dedicated Federal, state, and local funding sources are more capable of meeting capital and operating needs. Most other transit agencies of similar

size as WMATA have dedicated funding sources. For example, the Bay Area Rapid Transit District (BART) has dedicated state and local sources of funding for transit such as real estate taxes, a local sales tax measure, and a variety of statewide bond sources aimed at specific activities like construction, seismic upgrades and improvements. Additionally, the Metropolitan Atlanta Regional Transportation Authority (MARTA) receives a dedicated one-cent sales tax from Fulton and DeKalb Counties, of which no more than 50 percent can be used for operating assistance. In contrast, and as a 2007 Government Accountability Office report highlights, WMATA has no dedicated local funding source. Instead, it relies on state and local jurisdictions for annual operating subsidies and to match Federal capital assistance.

To address the need for stable and reliable funding, Congress recently enacted a provision in the Rail Safety Improvement Act authorizing the appropriation of \$1.5 billion over 10 years for Federal grants to WMATA. The funds authorized are conditioned on the District of Columbia, Maryland, and Virginia establishing a dedicated matching source of funds. FTA is closely following the state and local actions required by this new federal law. FTA understands that both the Virginia and Maryland legislatures have passed identical bills and that the District of Columbia will take action on May 5.

FTA's fundamental role is making investments in public transportation and providing technical assistance to public transportation providers. This investment role is accompanied by fiduciary responsibilities specified in Federal law. FTA undertakes a range of oversight activities. The foundation of our oversight program as required by law is the Triennial Review. FTA also conducts other oversight reviews including Financial Management Oversight reviews, Procurement System Reviews, and Financial Capacity Assessments.

What follows is a brief overview of each of those reviews and the results from recent WMATA reviews. Based on FTA's oversight review of WMATA and our overall program management, WMATA is in general compliance with our statutory and regulatory requirements.

The Triennial Review, mandated by Federal law since 1982, evaluates the approximately 600 recipients of Section 5307 Urbanized Area Formula Grants on a three-year cycle; 200 each year. Broad in scope, the Triennial Review examines 23 different areas and provides FTA with the opportunity to review a transit agency's system, policies, and records and to provide technical assistance to grantees in areas identified as having oversight findings.

One type of focused oversight review that FTA conducts is the Financial Management Oversight (FMO) Review. Authorized by 49 U.S.C. Section 5327(c), the FMO review evaluates a transit agency's financial management systems to ensure that it is adhering to Federal financial management requirements.

Another specialized review is the Procurement Systems Review (PSR). The PSR promotes and facilitates improved grantee procurement procedures, fosters the use of

industry best practices, and assesses a grantee's compliance with Federal procurement requirements. FTA's top 30 grantees (based on the total amount of obligated dollars) undergo Procurement System Reviews on a triennial basis. WMATA is one of FTA's top 30 grantees.

Finally, FTA utilizes a specialized review for compliance in areas such as drug and alcohol, civil rights and state safety oversight as well as for planning a major capital project, such as constructing a new or extending an existing system like Metrorail. The "Financial Capacity Assessment" review examines the financial capability of grantees to construct and operate major capital investments while continuing to operate and maintain their existing transit system. Financial Capacity Assessments analyze a grantee's detailed 20-year financial plan including determining the reasonableness of the projections used, the ability of the grantee and other funding partners to provide the required local share of the project's capital cost, the grantee's financial capacity to withstand delayed or reduced Congressional appropriations, unanticipated conditions, or budget overruns, and the grantee's ability to operate and maintain the existing system as well as the project.

Since 2004, FTA has conducted 10 Oversight Reviews of WMATA:

- 2 Procurement Systems Reviews (2004, 2007)
- 2 Triennial Reviews (2005, 2008)
- 3 ADA Civil Rights Reviews (2007)
- 1 Financial Management Oversight – Full Scope Review (2008)
- 1 Financial Capacity Assessment (2008) for the Dulles Corridor Metrorail Project
- 1 Drug and Alcohol Audit (2009)
- 2 State Safety Oversight Reviews of the Tristate Oversight Committee (2004, 2007)

FTA's Washington, D.C. Metropolitan Office provides dedicated support to WMATA in all areas, as it has done since 1999, and manages both the WMATA grants and oversight reviews.

FTA conducted a Triennial Review of WMATA in 2008. During the Triennial Review, FTA may identify "findings" that indicate areas in which the grantee must improve to assure that it is meeting the statutory and regulatory requirements for receiving and managing FTA funds. The 2008 review identified findings in 4 of the 23 areas reviewed. These areas include Satisfactory Continuing Control, Planning, Charter Bus, and Maintenance. Of these findings, the most significant was in the area of Satisfactory Continuing Control. This finding was related WMATA's recent development and implementation of a new software system for tracking vehicle maintenance. The 2008 Triennial Review also underscored the need for WMATA to better document policies and procedures for requesting approval of incidental use of Federally-funded assets, and the disposition of Federal assets, as well as an excess real property plan. To address these oversight findings, FTA is providing direct technical assistance to WMATA.

Over the past five years, two Procurement System Reviews were conducted of WMATA – one in 2004 and one in 2007. The 2007 review did not identify any major findings, although it did note deficiencies in 13 of the 56 areas reviewed, WMATA addressed these by updating its Policy Instructions and Memorandums, which are part of its Procurement Procedures Manual. FTA considers these issues resolved. We have encouraged WMATA to update the Procurement Procedures Manual to reflect the requirements contained in FTA's Circular 4220.1F, issued in November 2008.

Furthermore, to assist in preventing deficiencies, FTA offers direct training opportunities as well as access to industry training through our partnership with the National Transit Institute (NTI). Additionally, for 90 days after the completion of a Procurement System Review, FTA contractors are available to assist grantees in closing out findings by providing subject matter expertise and suggested industry best practices.

FTA also completed a Financial Management Oversight (FMO) review of WMATA and issued findings in October 2008. Of the ten findings from this review, nine remain open. Two of the findings rose to the level of Material Weakness: *Indirect Cost Allocations Not Consistent with FTA Approved Plan* and *Grant Budget Revisions Not Approved by FTA*. Changes in staff at the senior-level and below in the Chief Financial Officer's office began during the execution of this review in December 2007 and continued until March 2009. This affected WMATA's ability to respond to the draft report with a sufficient Corrective Action Plan, and WMATA's ability to take the actions needed to implement that plan. Working closely with FTA, WMATA has submitted two responses to address four findings to date and FTA has closed one of those findings. This leaves a total of eight findings still open with FTA currently reviewing an April 2009 submission from WMATA regarding two other findings: *Encumbrances not tracked* and *Documentation for payroll deductions not available*.

One of the most recent reviews conducted by FTA was a Financial Capacity Assessment for the Dulles Corridor Metrorail – Extension to Wiehle Avenue project in December 2008, which included a review of WMATA's capital and operating plan as well as that of the Metropolitan Washington Airports Authority (MWAA), which is constructing the project. WMATA was included in the scope of the review because MWAA will transfer ownership of the extension to WMATA when the project has met the conditions specified in an intergovernmental agreement between the two agencies. Thus, per the requirements in the law governing FTA's Major Capital Investment Program, FTA needed to ensure that the existing system could continue to be operated and maintained once the extension was built.

FTA's Financial Capacity Assessment concluded that MWAA and WMATA have the financial capacity to implement the Dulles Corridor Metrorail – Extension to Wiehle Avenue Project while continuing to operate and maintain the existing system, even when key financial plan assumptions are subjected to stress tests. The December assessment found that WMATA was in a stable financial condition. Even as operating costs grew over the last several years, WMATA's operating cost recovery remained

steady due to fare increases and robust growth in non-fare operating revenues; ridership grew; and capital investment outpaced depreciation.

Based on the results of the Financial Capacity Assessment, FTA concluded that the financial plan developed by MWAA and WMATA was reasonable and demonstrated WMATA's ability to continue to operate and maintain the existing system as well as the new extension. FTA executed a Full Funding Grant Agreement for the Dulles Corridor Metrorail —Extension to Wiehle Avenue Project on March 10, 2009.

As the Wiehle Avenue Metrorail extension project advances, FTA has retained the services of a Project Management Oversight Contractor to assist MWAA on a full-time basis. This is a step in the right direction and demonstrates the Federal commitment to a successful project.

Overall, FTA's partnership with WMATA has provided significant Federal public transportation investment in the National Capital Region, which has been matched with local resources. The benefits of this partnership to the region are notable. In support of this Federal investment, FTA carries out its fiduciary role through a robust oversight program which evaluates grantees' capacity to comply with statutory, regulatory, and administrative program requirements. FTA recently conducted supplemental specialized reviews of WMATA beyond FTA's Triennial Review. There are findings from a recently completed Financial Management Oversight review that remain open and FTA is working with WMATA on the satisfactory conclusion of this process. In general, WMATA is in compliance with FTA statutory and regulatory requirements.

Mr. Chairman, I thank the subcommittee again for the opportunity to address key aspects of WMATA's finances, operations, and investments, and FTA's oversight role of our Federal investments. I look forward to answering any questions you might have.

Mr. LYNCH. Thank you, Mr. Welbes.

At this point, I would like to recognize the gentlelady from the District of Columbia and ask her to please chair the hearing.

Ms. NORTON. Mr. Chairman, I cannot.

Mr. LYNCH. You cannot.

Ms. NORTON. I cannot because I am due to open at another hearing.

Mr. LYNCH. OK. All right. We are going to recess. I was going to use 5 minutes of questioning time, but I think what we will do—

Ms. NORTON. You mean while you were on recess, because I think, wait a minute.

Mr. LYNCH. I was going to give you 5 minutes to ask questions while we were gone.

Ms. NORTON. I do not have any questions.

Mr. LYNCH. Oh, OK. All right. So we will recess. I apologize. This is one of the occupational hazards of these hearings.

Thank you and we will be right back, I would say—how many votes?

OK. Probably a half hour anyway. Thank you.

[Recess.]

Mr. LYNCH. We will reconvene this hearing. I apologize again for the interruption.

We had just concluded the opening statements of our witnesses, and I would like to begin the questioning.

Ms. Lew, in your opening remarks and in your written statement as well, you talked about the list of deficiencies that you found in your investigation. And there seemed to be somewhat of a laundry list of issues that you highlighted. Have we made progress on any of those items that you have outlined, whether it is the use of grants, the compliance with the specifications of certain appropriations, the information technology insecurities that you highlighted? Have any of those been addressed in a meaningful way?

Ms. LEW. Yes, they have, Mr. Chairman. In my testimony I mentioned that the management has been very responsive in concurring with our recommendations. They concur a little over 95 percent of the recommendations we made on performance audit. They have concurred. They have implemented corrective action on close to 75 percent of our recommendations.

As far as the report we issued on capital projects, we identified a small number of incidents where I think about \$314,000 in funds were charged to the wrong grant agreement. That has been corrected. They have charged it to other alternative sources. And more importantly, they have reorganized their whole grant management process.

Mr. LYNCH. Yes. Having dealt with the whole grant management process from this end, it is fairly complicated. I guess I am encouraged that even though some budget matters were extended to areas that weren't necessarily covered, in other words, vehicles, motorcycles for security teams, as opposed to core infrastructure expenditures, it wasn't so far out of line that you could say it was irresponsible or irrelevant.

So it seemed to be a mismatch in terms of what the grant required and what the need of the agency was. So I am encouraged

in that respect. I think those are probably honest mistakes that were made.

Mr. Welbes, you remark as well in your statement about capital deficiencies in where we are right now. You sort of, at least in the remarks that I focused on, lump them all together. And I wonder if you can help break it out a little bit. When you talked about the deterioration of assets, are we talking about train sets? Are we talking about signaling systems? Are we talking about bridges? Or are we talking about all of that? And is there some majority of these deficiencies that you find in any one category as opposed to the others?

Mr. WELBES. Yes, Mr. Chairman. There are a number of different asset categories that a system like Metro operates. We find the aging of the infrastructure, particularly on the rail system, to be notable. And so there are track structure issues. There are power supply issues that WMATA is facing as it prepares to run eight-car trains to take advantage of platforms that were designed decades ago to handle eight-car vehicles, and now needs to upgrade the power supply—this is an illustrative example—to deliver service with eight-car trains.

So we have worked with WMATA. The report that I referred to that will be issued shortly to the Congress investigated the assets at all seven of the largest transit rail operators in the Nation. WMATA is among them. And in that process we looked at the discrete asset classes and identified some of the recapitalization needs.

And so WMATA's first step right now between 2011 and 2020 is that they have identified \$11.3 billion in recapitalization activities. Part of that is for recapitalization activities, and so we think that is an important step, but we have a state of good repair initiative at FTA. WMATA is an active participant in that effort. They are actually going to host our first roundtable on that topic this summer, but the recapitalization needs are notable.

Mr. LYNCH. Just so I am straight on this, the \$11.3 billion—is that what you said?

Mr. WELBES. Yes.

Mr. LYNCH. None of that anticipates any expenditures on this new—that is all recapitalization. We are not talking about anything going out to Dulles?

Mr. WELBES. As I understand it, the \$11.3 billion includes a number of elements. And of that, \$7.1 billion of the \$11.3 billion would be to improve the existing system through, for instance, replacing or rebuilding some of the existing vehicles, rehabilitating or replacing certain track elements, and improving some of the station platforms.

Mr. LYNCH. You know, I am more familiar, at least organizationally and structurally, with the MBTA system, the Mass Bay Transit Authority in Boston, which is the oldest transit system in the country. And ironically, though, I spend more time on the Metro. I don't have a car here so I use the Metro a lot. And I am a little envious. You know, I hear you saying that the system is deteriorating, but when you have a system like we do that started in the early 1900's, when I look at structural problems in an old city like Boston, I see greater concern there.

Do you have—and I know the system is only about 40 years old, is that what it is? And I am also an ironworker. For about 20 years, I went out there. I was a welder and ran construction jobs. Are you having major issues already with structural components, bridges? Those are very expensive items. Is that part of what we are talking about here?

Mr. WELBES. That is what we are talking about, Mr. Chairman. And there are two eras when there has been a lot of rail transit building in this Nation, one a century ago when the T was built, and one more recently when systems like WMATA's rail system were constructed. What we are seeing for that latter group of systems in San Francisco, in Atlanta and here in Washington, DC, is that they are starting to experience some of the same recapitalization needs that have occurred in those older systems.

And so they are starting to look more like their century-old peers than the new systems that have come online in the last 5 or 10 years.

Mr. LYNCH. I know that I have abused my 5-minute limit, but let me ask my colleague, Ms. Eleanor Holmes Norton, if she would like to take 5 minutes to question the panel.

Ms. NORTON. Yes, Mr. Chairman. I have had an opportunity to look at the testimony, and I do have some questions for Ms. Lew.

The stimulus funds are calculated to get out fast, produce jobs immediately, and of course to get the work done the Federal Government needs to have done in the States and in the Federal Government. We have already had an audit of not the stimulus funds, but some of the large amounts of money, some of the TARP funds, etc., and a pretty negative report about capacity for all kinds of waste and fraud when you get out such amounts of money.

You know, those funds didn't even go out in the way these are going out, at breakneck speed. I am concerned that very often the really indispensable work that the IGs perform are performed after the fact. I don't know if the right word is performance audit. I call it pre-auditing. But it would be such a tragedy if we had a series of audits that because we were trying to get jobs for Americans as quickly as possible that the prediction that nobody can get money out that quick without having disproportionate issues to arise, it would be too bad if that occurred.

Now, there will always be some issues and, I don't know, maybe some Ph.D. scholar has figured out what are the minimum number of issues you should have whenever Federal money goes out, and maybe you would have that plus X if you put out a lot of money fast. But it occurs to me that we funded the IGs especially for the stimulus funds, not simply to come back as a must and tell us what we have done wrong, but with the hope that the IG would work with the agencies to keep them from making mistakes that might otherwise be inevitable, given the speed, the breakneck speed that they have been ordered to proceed.

Could you tell us how you are proceeding? In what way are you working with, even given your auditing function—it is not unheard of for the auditors to look before something goes out. It happens all the time in one of my other committees.

How are you operating so as to minimize the issues that arise when you get out funds this quickly?

Ms. LEW. I will be glad to, Congresswoman Norton.

In my testimony, I mentioned the work we do on our contract attestations. In contract attestations, we look at the contract proposals or claims submitted by contractors, and we look at the pricing of that to make sure that the pricing they have is supported and reasonable.

Ms. NORTON. You, of course, are working with WMATA.

Ms. LEW. Yes.

Ms. NORTON. Is WMATA the only agency you are working with?

Ms. LEW. Yes. I am the WMATA IG.

Ms. NORTON. Well, you are in better shape than some of our IGs who are working with lots of different kinds of money going out at the same time to different parts.

Are you able before the fact to look at the contracting dollars and other proposed ways of operating, given the timeframe they are under?

Ms. LEW. We currently do that now. I think in my testimony I mentioned that since I have been there in May 2007, we have reviewed contracts——

Ms. NORTON. Yes, the problem we have here is a move it or lose it problem. So this is not like what you usually have. If this money isn't used and if I were running an agency, I would try to get that stuff out there as quickly as I could, rather than have it move away. So what I am trying to ascertain is whether we have something different from what we have had before where the government did not put this type of timeframe on local agencies in the past. Perhaps we should have, but we did not.

So what have you done that is different about people who are under orders, as it were, to get this out and make jobs now? Do you have the staff to do it?

Ms. LEW. I certainly could use more resources to do it.

Ms. NORTON. Well, you are not going to get more resources, so I want to know, given the fact that these people are under a break-neck—after 120 days, it is gone. Given the staff you have and the fact that this money runs out within a year and a half, the issue is obligation.

Ms. LEW. Yes.

Ms. NORTON. That is what the issue is. Within a competitive system which means that we said go shovel-ready, are you finding that WMATA is going with projects that have already gone through sufficient clearances so they are ready to go into the ground except for letting the contract?

Ms. LEW. WMATA has identified the capital projects that they would like to fund using the stimulus money. We have that schedule. We have also sat down with the director of procurement at WMATA and we informed him that as soon as you are ready, let us know so that we can do the necessary contract attestations. We will give those our highest priority.

We also do contract attestations.

Ms. NORTON. Have any of those occurred yet?

Ms. LEW. We have not received any as of yesterday. I informed him.

Ms. NORTON. Has the money been released?

Ms. LEW. No, I don't think the money has been released. They have advertised—

Ms. NORTON. So the money for WMATA, the stimulus money for WMATA is not in hand?

Ms. LEW. I don't think they have awarded contracts yet.

Ms. NORTON. No. I am just asking if we the Federal Government have dumped it on WMATA yet?

Mr. WELBES. WMATA has applied to the Federal Transit Administration. There are two grants that FTA will award to WMATA with our funds, Congresswoman Norton. And one of the grants has been submitted to FTA. It is complete. The other one is in process right now.

Ms. NORTON. So wait a minute. So we are going to count it from when?

Mr. WELBES. The test is for Federal Transit funds, 50 percent of the funds in the D.C. urbanized area have to be obligated, awarded in a grant from FTA to Metro by September 1, 2009. It is a different test than for Federal highway funds.

My understanding is that WMATA plans to have 80 percent of its Federal Transit economic recovery funds obligated by that September 1st deadline.

Ms. NORTON. Now, wait a minute. So you have to make a decision first?

Mr. WELBES. These are formula funds, and WMATA has put together a list of activities it plans to apply for, and has submitted that information to FTA.

Ms. NORTON. So the time begins to run from?

Mr. WELBES. Well, the clock began running when the law was enacted, and the law said by September 1, 2009 that 50 percent of the funds have to be obligated.

Ms. NORTON. I guess that is the nature of the beast here.

Mr. WELBES. That is correct.

Ms. NORTON. It is a little different from highways.

Mr. WELBES. Yes. And so WMATA has to turn in information to FTA.

Ms. NORTON. What kinds of things do they have to obligate for under this?

Mr. WELBES. WMATA has a number of activities that they are going to use their ARRA funds for, which include new bus purchases. They are going to replace some of the platforms at Metro-Rail stations which are crumbling. They plan to purchase some paratransit vehicles. There is some track maintenance equipment.

Ms. NORTON. There is a lot of difference among those things.

Mr. WELBES. Indeed.

Ms. NORTON. Some of those things, it seems to me that they could be already in operation, like repairing the stations. That is an ordinary highway job.

Mr. WELBES. The economic recovery funds approximately double the Federal funding for WMATA during this period, during 2009 for example.

Ms. NORTON. But apparently none of it is yet out. Does it all go out at one time? I mean, the whole point was to make jobs, make them now. Some of those we have to contract to buy buses.

Mr. WELBES. Yes.

Ms. NORTON. That is a long time line. Where you have to take a station and where the passengers' stand is crumbling, why couldn't that kind of work be already underway?

Mr. WELBES. For certain activities that WMATA plans to undertake with its economic recovery funds, they have what is called pre-award authority where the activity is eligible for Federal reimbursement, and WMATA can go forth and undertake certain work. And at a later date, we will award the grant and obligate it.

Ms. NORTON. So they don't have to come to you first? They could go and start that?

Mr. WELBES. For certain undertakings, they can start now. They can create and sustain jobs immediately.

Ms. NORTON. But Ms. Lew doesn't indicate that there is any such project that she is performance auditing or pre-auditing. And that is what I don't understand because how long has it been since these funds were—we passed this February—

Mr. WELBES. February 17th the law was enacted.

Ms. NORTON. February 17th.

Mr. WELBES. And on March 5th, the Federal Transit Administration issued a notice to our grantees that the funds were available for grants.

Ms. NORTON. I see. Well, maybe I am overly anxious, but it does seem to me that some of that work—we are coming on into May—could have been started and I am a little concerned, even though you have until September. I am sure that WMATA is like a system with many different kinds of infrastructure. And I take it those grants are grant by grant, not in one fell swoop?

Mr. WELBES. In fact, Congresswoman Norton, we understand there will probably be two grants. There are two formula programs under economic recovery law.

Ms. NORTON. And basically all they need to do is to show you that they can do the job. They are not competing with other transit systems, are they, for this money?

Mr. WELBES. No, they are not. These are formula funds that flow to the Washington, DC, region and \$202 million of the \$214 million in transit funds are directed to WMATA.

Ms. NORTON. Well, do you think all of this is going in a timely fashion?

Mr. WELBES. From what I observe for WMATA at this time, things are moving in a timely fashion so that they will meet the deadlines for obligating funds.

Ms. NORTON. And what is the deadline for obligating funds?

Mr. WELBES. The deadline for obligating half of the funds is September 1, 2009 and 100 percent of the funds must be obligated by March 5, 2010. At this moment, WMATA is on schedule.

Ms. NORTON. You have no idea how many funds are obligated as of now?

Mr. WELBES. At this moment, a very small percentage nationwide. There is \$8.4 billion in Federal transit funding from the economic recovery law, and of that \$8.4 billion, about \$100 million has been awarded. However, about 20 percent of it, or 25 percent of it, more than \$1.5 billion, is in process right now. Federal transit grants, the grants we are discussing, require a Department of Labor certification process with the labor unions that are associ-

ated with the transit agencies. That process can take between 2 weeks and 60 days. So we have accounted for that.

One reason the highway deadline and the transit deadline differ is because we wanted to take into account and the Congress wanted to take into account that Labor certification process. So at this moment, WMATA is on schedule to meet the obligation deadlines.

Ms. NORTON. I just hope that the internal bureaucracy does not become responsible for any of the delays.

Thank you very much, Mr. Chairman.

Mr. LYNCH. Thank you.

Let me followup on an earlier line of questioning that Ms. Holmes Norton put forward.

Ms. Lew, you know, being on this oversight committee, one of the problems I have seen, and I even saw it before I was on this committee, is the ability or the lack of ability for oversight to keep up when large blocks of money for construction go forward. I will give you a couple of examples.

With the big dig, the project in Boston where we had a very small oversight community trying to keep up with a huge project. They were just completely out-matched by the contractor community and a lot of money was wasted. I saw it as well being part of this committee. We did 11 oversight visits to Iraq, reviewing construction projects in Iraq, same thing with Afghanistan. A lot of money spent in a very short amount of time with not enough oversight, we had problems.

Now, we have the dedicated funding issue, which might bring a lot of money, or expect to bring a lot of money into the system. There will be numerous projects going forward, according to WMATA. And you have the stimulus, over \$200 million.

You said you could always use more people, and I think you are going to need more people and we can't just roll this money out here without proper oversight.

What do you think? Give me your opinions on what you need and what you foresee in terms of a bunch of projects going on. You have to have inspectors, investigators, auditors, because some of the stuff is in-house and it is contractual in nature, not to mention the physical monitoring and inspection that needs to go on.

How is this all going to happen? Reassure me, please.

Ms. LEW. You raise a very good question. I definitely could use more resources. I currently have a budget of about \$3.7 million. I have 23 people on board and I am authorized 29.

Mr. LYNCH. What is the breakdown of the folks you have on board? What are they?

Ms. LEW. I have 18 auditors and 3 investigators and my secretary and myself. That would be a total of 23 right now. We hope to bring in three entry-level individuals sometime in the June-July timeframe.

But you are right. We have a huge influx of Federal funds coming in now with the potential of \$150 million in the dedicated funding, and then you have the \$202 million in the Recovery Act funds. And my experience in the Federal Government has been—I am a retired Federal employee that the potential fraud, waste and abuse is very great. It is heightened when you have a new influx of money.

You know, you saw what happened in Iraq. You saw what happened with Hurricane Katrina. So I am concerned as to whether I have sufficient resources to address the audit needs, as well as the investigative needs.

As I told Congresswoman Norton, we give the highest priority to the stimulus money that we will be getting. And we do do these contrast attestations, and these contract attestations is our front end work, where we go through these proposals and look at their pricing, look at the costs on claims, and see if that is a reasonable amount as opposed to them bleeding the government.

We also have a role in terms of all sole source procurements. We do that contract attestation. We also, the Recovery Act encourages buy American, but there might be things where there is no American manufacturer and we have to go foreign. We have a role to do pre-award certifications to make sure that there is a certain amount of domestic input in putting together the final product. And our office does do that.

But when it comes to contracts, we try to do select contracts to make sure that the terms of the contract are being met and we are getting what we paid for.

Mr. LYNCH. Not to interrupt you, but that requires folks to go out on the job.

Ms. LEW. Yes.

Mr. LYNCH. You can only do so much auditing. It is sort of what the defense contracting audit agency had a problem with, where they were auditing the construction in Iraq from Alexandria, VA. And we didn't have auditors on the ground for the longest time, the first couple of years in Iraq, and it was a mess.

So I just am very concerned about, having worked on job sites for about 20 years, your ability to be out there on the ground. It doesn't sound like you are set up for it now.

Ms. LEW. That is very true. We don't audit from our desks. We have to get out to the field. When you do this contract attestation work, you have to do that. I have a team of two that is going out to Manitoba, Canada next week to do the post-delivery certification on the buy America to see if they met buy America requirements because the buses are being purchased by New Flyer, which is a Canadian firm. It is being assembled in Minnesota. And so our audit team is going to be going to Minnesota as well.

But it takes resources to do the travel and also having the resources to go out there and it takes time to do that type of work.

Mr. LYNCH. I understand. Well, we need to stay in the loop. If you need more people, this is an important part of this. You are going to save us money by doing your job. And you also know that the appetite for expenditures and appetite for appropriations is going to diminish greatly if we start to see waste, fraud and abuse. I mean, you know, it is just leaving yourself wide open for criticism. We don't want that to happen.

Ms. LEW. I just want to make one point, Mr. Chairman.

Mr. LYNCH. Absolutely.

Ms. LEW. Unlike my counterparts in the Federal IG community, we at the State and local level did not get any money to do our audits and do our investigations relating to the Recovery Act funds.

Mr. LYNCH. Well, that's a terrible lapse on our part. I wish I had known that up front. I certainly appreciate the value of your service and I want you to be able to do your job. You are going to be the first one in line for criticism when things go wrong, so I think it behooves us to give you—well, you might not be first. We might be first. You will be right behind us, and we will have folks up here blaming you.

Mr. Welbes, let me shift to you just for a second. You offer a great perspective nationally because you are dealing with a number of these larger transit authorities. So you have a sense that I don't of how in Washington, DC, we compare with other systems of relatively the same size.

What is your assessment on how we are doing here in terms of preparing for this sizable increase in expenditures, increase in the number of projects, the complexity of this stuff? How are we sizing up here?

Mr. WELBES. I think the region and WMATA have taken some important actions. At the Federal Transit Administration, we have put together really a risk strategy and an oversight strategy associated with the ARRA funds. And we have in place, of the \$8.4 billion in ARRA funds for transit, about 99 percent of it flows into existing FTA programs where we have an oversight system in place.

So we do financial management oversight reviews for our projects. For the large capital projects when they are under construction, we have project management oversight engineers who are boots on the ground who visit with the grantees, visit the projects, and make sure the project is on schedule and on budget. And we have in fact a meeting with WMATA next week, our quarterly meeting, to talk about among other things those major capital projects.

So WMATA's history of managing major capital projects has fared relatively well. The most recent significant project, the Largo Metrorail extension, was brought in on time and on budget. And there are other large projects such as the Wiehle Avenue Metrorail extension, which we now have underway. The Airport Authority is constructing that project. WMATA will be the owner and operator ultimately, but Metro has a sound track record in that regard.

There are certain reviews we have done recently where we do have open findings that we are working with Metro to close out. Many of them parallel those that Inspector General Lew has identified, but we are working to address those findings.

Mr. LYNCH. Ms. Holmes Norton, do you have any followup questions?

Ms. NORTON. No further questions, Mr. Chairman.

Mr. LYNCH. OK.

Let me ask you, I offered the same opportunity to the previous panel. Are there aspects of your situation now going forward, overseeing WMATA, that we haven't touched upon here that you think is important for the committee to hear?

Ms. Lew.

Ms. LEW. We certainly are supportive of the dedicated funding bill that would give us statutory authority within the compact jurisdiction. I think that will strengthen our ability to deal with any

challenges that we get from the people that we audit, both internal and external.

Mr. LYNCH. Just to sort of amplify a point I want to make, this is an oversight committee. You are both doing oversight work. There is a natural alliance here that we have. We want to see the work done efficiently. We want to see the taxpayer money used efficiently, effectively. But if we don't know the problems you are encountering, and it looks like we missed an opportunity to fortify the oversight apparatus in this case. You know, I am going to look for an opportunity to correct that. I think there will be vehicles where we can do that.

But we have to have the oversight in place. Otherwise, we are going to have a mess on our hands. And you know, I appreciate, the rail system, FTA does have a better oversight protocol in place. I have seen that over and over again, work out better than my heavy highway projects where we don't nearly have the oversight that is necessary. So that is encouraging.

But still, I think that the drastic increase that we are going to see here in activity there needs to be a sizable increase, a commensurate increase in oversight ability here, and I don't think we have it.

So it is just a red flag from me, and I want to try to address that at some point. But it is going to require communications between both of you and the committee, the subcommittee especially. OK? Thank you.

Mr. Welbes, do you want to address anything that you haven't addressed so far?

Mr. WELBES. I think I would just amplify two points. One is, as you have noted, with the economic recovery funds, by doubling the resources, the Federal resources that will flow to WMATA in the coming year, there is an increased risk. And the risk for our large grantees involves taking on multiple projects that would have been spread out over a longer period of time, simultaneously.

So the capacity constraint that you have described with regard to our oversight resources certainly applies to the resources of our grantees like WMATA in implementing multiple projects simultaneously. The engineer or financial expert who usually would handle X number of projects will be handling X plus Y number of projects. That is an area that we are going to be focused on going forward. We are enhancing some of our oversight tools to include additional scrutiny of the economic recovery resources in particular. We are structuring some of our project management oversight and financial management oversight to account for that increased flow of funds.

And then the second point is one that we have discussed already, but it is sort of the state of good repair needs at systems like WMATA. Over time, that caseload, that reinvestment need only grows. And so it is important to start making headway on it sooner rather than later. There are risks that increase as that reinvestment need grows.

I know in the reauthorization of SAFETEA, we will be paying attention to that and there is a discussion about how state of good repair can be addressed, but it has parallel oversight implications as well.

Mr. LYNCH. Well you know, you invite a question. I understand Ms. Lew's statement that we in Congress did not adequately fund or fund at all the enhanced oversight that is necessary for her and her team to do their job. What about FTA? Did we do any enhancement there?

Mr. WELBES. For FTA's regular statutory program, there are take-downs that are 0.075 percent or 1 percent for large capital projects, and that provides us with a resource that we can apply to the ARRA funds as well. Congress did include in the statute a setaside for FTA oversight equivalent to about 0.033 percent. So it is really about one-third of what we would usually see for our oversight resources for this size funding. So for the \$8.4 billion, we would usually see additional resources compared to what was in ARRA for our usual program. And you know, we are where we are. We are working to maximize our efficiency using that resource right now.

Mr. LYNCH. OK. And again, the subcommittee and the committee welcomes your assessment as we go forward. I think you will be able to sense whether or not one-third of 1 percent is going to be nearly adequate. OK?

Seeing no further questions, I want to thank you both for your willingness to come before the committee and help us with our work. I thought it was very helpful, very enlightening especially for me to understand what you are dealing with. I am encouraged, but like I said, I have some red flags out there I am a little concerned with. But I want to thank you for your testimony here and I bid you good day.

Ms. LEW. Thank you.

Mr. WELBES. Thank you, Mr. Chairman.

Mr. LYNCH. If we could have the next panel.

I invite you to please rise and raise your right hands.

[Witnesses sworn.]

Mr. LYNCH. OK. Let the record indicate that the witnesses have all, each of the three have answered in the affirmative.

Your witness testimony as written will be submitted into the record, without objection, so you don't have to worry about reciting every bit of it. We ask you to summarize your testimony within the 5-minute limitation.

Before I begin with witness testimony, I am going to just do a brief introduction of our three panelists.

Mr. Craig Simpson is a representative of the Amalgamated Transit Union [ATU] Local 689. Mr. Simpson served as a bus operator for WMATA in 1974. He was elected ATU Local 689 shop steward of the Northern Bus Division in 1983 and was appointed assistant business agent for ATU Local 689 in 1989.

In 1993, Mr. Simpson was appointed to fill an unexpired term of Secretary-Treasurer of the Union and later was elected to two full terms. He subsequently engaged in contract work for Progressive Maryland Metropolitan Washington Council AFL-CIO and ATU Local 689. His current contract with ATU Local 689 as political and legislative representative began in February 2009.

Ms. Diana Zinkl is chair for the Riders' Advisory Council for Washington Metropolitan Area Transit Authority. She presides over WMATA board and staff on issues affecting riders and pro-

vides recommendations to the board and the Authority on how to improve operations. Ms. Zinkl also serves as an analyst for the Government Accountability Office. Her engagements at GAO include a wide variety of issues, including intercity passenger rail restructuring.

Mr. Ben Ross serves as president of the Action Committee for Transit, which advocates for public transit and transit-oriented land use in Montgomery County, MD. There, he helped build a 30-member group into a significant force in county affairs, with over 600 paid members and nearly 100 active volunteers. Mr. Ross is also the chair of the Transit First Group, a coalition of transit riders, environmental and labor groups organized to oppose cuts in WMATA funding and service.

I welcome each of you, and I thank you in advance for your willingness to offer testimony before the committee. I will begin with the customary 5 minutes, and please be aware of the little box in front of you with the lights. I am sure you were able to observe the previous panel.

Mr. Simpson, you are recognized for 5 minutes.

STATEMENTS OF CRAIG SIMPSON, REPRESENTATIVE AMALGAMATED TRANSIT UNION [ATU] LOCAL 689; DIANA ZINKL, CHAIR, RIDERS' ADVISORY COUNCIL, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY; AND BENJAMIN ROSS, PRESIDENT, ACTION COMMITTEE FOR TRANSIT

STATEMENT OF CRAIG SIMPSON

Mr. SIMPSON. Thank you, Mr. Chairman.

I am going to skip over a lot of my testimony and really get to the heart of an issue that has been before the subcommittee before, and that is the way that WMATA is funded. And I believe the way that it is funded drives some of the problems at WMATA. It has up until at least fairly recently largely been obligation-based, where each local jurisdiction says that they will pay its share of the WMATA costs out of their general funds. There are some exceptions, that is generally the way it is funded.

And with a multitude of jurisdictions, you have the State of Maryland, the District of Columbia, and northern Virginia in the transit zone. There are a number of local jurisdictions that actually fund WMATA, counties and cities. So each one of them facing different tax bases, different budget priorities, have different interests in funding WMATA at any given time, and different abilities at any given time. And I believe that drives some of the problems.

One of the topics of this hearing was its affect on existing operations. And my criticism of the WMATA board is its parochialism in this instance. When they realized that they had a budget problem, the way they dealt with it was not to look at it from a regional perspective. They left the rail untouched, not saying that is a bad decision, but they left it untouched. Now, what they said was we are going to look at the bus service, including regional bus service, lines that have been designated as regionally important that fall within our individual jurisdictions, and we are going to make a decision on what of those to cut.

So the cuts fell very unevenly. Some jurisdictions came up with the money to cover their share of the deficits. Others came up with some money. Maryland, where the most severe cuts are made, of the \$13.6 million or so in remaining deficit, almost \$10 million of the bus cuts are in Maryland, including many on major regional routes that serve Federal facilities.

The decisionmaking there I think is what I fault as much as the financing, but I think it is not driven by any individual board member. My criticism is not of them as an individual, but as the underlying funding mechanism I think drives that decision.

So that is manifested in a number of different ways. There has been a devolution of kind of WMATA as the regional planner for transportation in the area. Most of, in fact all of the new proposed rail projects are really locally driven projects without any, well, I mean, there is a Regional Transportation Planning Board that acts, in my opinion, more as a clearinghouse than an actual planning board, and where WMATA's role previously had been to plan these projects, they are being driven by local decisions, some of which may or may not be true regional priorities.

Improving bus service, the same thing has happened. It is continually put on the back burner, and yet we could make existing improvements in regional bus service if we weren't driven by local decisionmaking. And that is also true in under-capitalization of rail, under-capitalization of the bus system, and with MetroAccess. None of these things are really adequately funded, mostly because of I believe the situation we discussed before.

I think that there is a model going forward when we talk about dedicated funding. It is very difficult to impose. There has been the idea of imposing a region-wide sales tax. It is very difficult to do with the local jurisdictions because it impacts them differently. So acting in their own individual interest, some will favor it and some will oppose it. The same is true with other region-wide taxes that could potentially be looked at.

But I think both the Metro Matters financing agreement and the current proposal that hopefully the District of Columbia will take care of its compact amendments and hopefully Congress will appropriate the funds, I think those type of financing agreements may provide the model for stabilizing financing of WMATA where you have a specified financial target and the local jurisdictions dedicate funds that they choose to meet that financing goal. And that may be a more practical way to stabilize WMATA's financing over time.

Now, the agreements that I have referenced only apply to capital funding currently and not all capital funding. But certainly, it may provide a model for extending that to operating funds. So I just want to, as a long-term solution, put that forth.

I think the Federal role, and I guess I differ somewhat than some other people, in that I welcome a Federal role on the WMATA board. I think it will provide a good counter-balance to the local jurisdictions' interests. The Federal Government has a regional interest with facilities throughout the area. It has an interest in making sure that there is adequate transportation to those facilities. And I think in partnership with the local jurisdictions, it can help to strengthen the regional system. So I welcome the Federal participation and look forward to that taking place.

I hope that over time, that partnership can be expanded further. I think that this is a critical system for the Federal Government and I think the investment in it will ultimately be worthwhile. The Federal Government does have a special relationship obviously with the District of Columbia, which it is ultimately responsible for, and also with this being the Nation's Capital, it has major Federal facilities located in the suburban areas as well.

So with that, I will conclude my testimony and open it for any questions afterward.

[The prepared statement of Mr. Simpson follows:]

Testimony to the
Chairman, Sub-
Committee on Federal
Workforce, Postal
Service & District of
Columbia,

Committee on
Oversight &
Government Reform,
U.S. House of
Representatives

Amalgamated Transit Union Local 689



ATU Local 689

April 2009

**Issues Related to Funding for
the Washington Metropolitan
Area Transit Authority**

Introduction:

Amalgamated Transit Union (ATU) Local 689 is a labor union that represents approximately 7,700 members at the Washington Metropolitan Area Transit Authority. ATU Local 689 represents bus operators, train operators, station managers, bus & rail mechanics, track repair, custodial & cleaning, facilities maintenance and a number of clerical workers. ATU Local 689 was organized in Washington, DC in 1916 and now has its headquarters in Forestville, Maryland.

Background:

The Washington Metropolitan Area Transit Authority (WMATA) is an interstate compact formed in 1967 and provides bus and rail service in the Washington, D.C. metropolitan area, including the District of Columbia, Alexandria City, Falls Church City, Fairfax City, Arlington County, Fairfax County, Montgomery County and Prince George's County. Loudoun County is within the WMATA transit zone but makes no contributions to WMATA because no service is currently provided.

The signatories (Maryland, District of Columbia & Virginia) set forth the purpose of the compact "...to create a regional instrumentality, as a common agency of each signatory party, empowered, in the manner hereinafter set forth, (1) to plan, develop, finance and cause to be operated improved transit facilities, in coordination with transportation and general development planning for the Zone, as part of a balanced regional system of transportation, utilizing to their best advantage the various modes of transportation, (2) to coordinate the operation of the public and privately owned or controlled transit facilities, to the fullest extent practicable, into a unified regional transit system without unnecessary duplicating service, and (3) to serve such other regional purposes and to perform such other regional functions as the signatories may authorize by appropriate legislation."¹

Financing History Highlights

The WMATA Compact provided that commitments or financing in Virginia would be done by contract or agreement with the Northern Virginia Transportation District. In Maryland it was to be done with the Washington Suburban Transit District. The District of Columbia and the federal government were to be done by appropriation.²

Public Law 96-184: In 1980, federal legislation required that for WMATA to receive additional funding for construction of the Metrorail system, the WMATA Compact jurisdictions had to demonstrate that they had "stable and reliable" sources of revenue sufficient to pay for the principal and interest on bonds and the local share of the operating and maintenance costs of the transit system.³

The District of Columbia, Maryland, and Virginia took the following actions to comply with the requirement:

¹ WMATA Compact, 1967

² WMATA Compact, 1967

³ Public Law 96-184

- District of Columbia. The city adopted a law in 1982 to earmark funds for WMATA by establishing a Metrorail/Metrobus account within its general fund. The account was supported by earmarking existing revenues that came from sales taxes on hotels, meals, and gasoline, as well as vehicle registration fees and parking meter fees. The earmarked revenues were sufficient to cover the District of Columbia's share of WMATA's operating, debt service, and capital expenses. This account is no longer the source of WMATA payments.
- Maryland. The state enacted legislation in 1980 to require the Maryland Transportation Trust Fund to assume a portion of the costs WMATA allocated to Montgomery and Prince George's Counties. The legislation also provided the trust fund with new sources of revenue, including motor vehicle fuel taxes, a portion of the corporate income tax, and all revenues of the state motor vehicle administration. The trust fund was used to pay all of Montgomery and Prince George's Counties' share of WMATA's capital costs, and 75 percent of the counties' share of operating costs and debt service. Montgomery County provided for the balance of its obligation to WMATA through a property tax earmarked for mass transit, and Prince George's County met the remainder of its obligation by establishing the Mass Transit Special Revenue Fund and earmarking revenues from the state real property tax grant program in the event that county appropriations to the fund fell short. State legislation in 1992 and 1998 made the state's transportation trust fund the source of all payments to WMATA.
- Virginia: In 1980, the state enacted a 2 percent sales tax on the retail price of gasoline within the Northern Virginia counties and cities in the WMATA service area and dedicated the proceeds of the new tax to WMATA, effective in July 1982. The state also increased its biennial appropriation to NVTC, increasing the amount of state money available for payment to WMATA. At the same time, the Northern Virginia counties and cities enacted local ordinances stating their intention to fund WMATA's debt service and operating assistance on an annual basis and designating their general fund revenues as the source of funding for what the gasoline tax and state aid did not cover.⁴

Regional Mobility Panel: Bus service began fragmenting in the late 1980s and early 1990s as local county services began assuming Metrobus service. The effect of these "takeovers" was that both operating and capital costs were shifted to jurisdictions that did not take over Metrobus service.

A panel composed of local government, federal government, business, labor and citizen representatives investigated and published a report whose recommendations were forwarded to the House and Senate Appropriations Committees and adopted by the WMATA Board of Directors.

The panel recommended that WMATA bus routes be divided into two categories: those that were regionally significant (crossed a jurisdictional boundary or met two of three

⁴ Mass Transit, Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority, GAO, May, 2006

criteria—major arterial, serving regionally significant activity center and/or has 30 passenger boardings per hour) and local bus service that would be run at the discretion of local jurisdictions by either WMATA, privately contracted service or directly by the local government.

A new formula allocating regional bus costs among all jurisdictions was adopted that is similar in some ways to the Metrorail subsidy formula. Non-regional service would be paid for by the jurisdictions in which it operated.

A subcommittee was established to recommend ways to fund regional bus service and capital improvements.⁵

Metro Matters Financing: On October 21, 2004, the WMATA Board adopted the Metro Matters Program and a long-term financial agreement with the jurisdictions for critical capital priorities for FY 2005-2010.⁶ This was done in response to an analysis that WMATA's capital investments were deteriorating. Metro Matters changed the financing from an obligation on the part of a jurisdiction to WMATA to expense-based system where specific amounts of financing for capital needs were agreed to.

Current Funding: Each jurisdiction funds WMATA subsidy by different means. The following is a summary of current funding methods:

- **Maryland:** Payments to WMATA for Montgomery and Prince George's counties are made from the Maryland Transportation Trust Fund. The trust fund's revenue sources include a gas tax, vehicle title tax, and other motor vehicle taxes and fees, along with other sources such as federal aid. Trust fund revenues are also used for operating and capital expenses for various modes of transportation in the state including transit, ports, and aviation, as well as for local road construction. Maryland is required by state law to make payments for the share of WMATA's operating expenses, capital equipment replacement, and debt service for which Montgomery and Prince George's Counties are responsible.
- **Virginia.** The individual cities and counties are responsible for making payments to WMATA. A portion of these localities' payments are made through the Northern Virginia Transportation Commission (NVTC). NVTC holds, in trust, funds from a variety of sources that are used to pay for its members' public transit systems—including WMATA and local bus systems such as the Alexandria ART, Fairfax Connector and Alexandria's DASH bus. Sources include a two percent Northern Virginia retail motor vehicle fuel tax and state sources such as transit assistance grants and state bonds issued for WMATA. NVTC sources account for about two-thirds of payments to WMATA from Northern Virginia counties and cities. The portion of the localities' obligation to WMATA that is not covered by NVTC sources is usually paid directly by the localities from their general funds.
- **District of Columbia.** Payments to WMATA are provided by the District's Department of Transportation every quarter. Operating costs are paid for from the

⁵ Report of the Regional Mobility Panel to the Committees on Appropriation, 1997

⁶ Metro Matters Capital Budget Review, WMATA, April 2009

District of Columbia's general fund and capital costs are funded by general obligation bonds.⁷

Current Efforts for Financing Long Term Capital Needs

In October 2008, the U.S. Congress passed Public Law 110-432 authorizing up to \$1.5 billion in federal funds for WMATA capital and preventive maintenance improvements over 10 years, beginning in fiscal 2009. However, this federal law was made contingent upon the passage of amendments to the WMATA Compact by Maryland, Virginia, and the District of Columbia prior to distribution of federal funds. The amendments require federal representation on the WMATA board of directors, creation of an Office of the Inspector General, and identification of local, dedicated funding sources to match federal funds.⁸

Maryland and Virginia have enacted similar law that provides the Compact revisions required by Congress. The District has passed a dissimilar law, but press reports indicate that they are re-considering and may enact legislation identical to Maryland and Virginia.⁹ Their provisions for dedicated funding are as follows:

- MD: Maryland Transportation Trust Fund
- VA: Requires local jurisdictions in transit zone to provide dedicated funding not subject to appropriation
- DC: "...derived from sources of funding that are earmarked or required under the law of the signatory to be used to match such federal appropriations."

Analysis of Effects of Current Financing

WMATA has been a generally well-run but under-financed agency that provides critical regional mass transit mobility throughout the Washington metropolitan area.

The over-reliance on general fund revenues by the states, counties and other jurisdictions that fund WMATA has resulted in a number of problems over time. One of the principal problems is that there is no counterbalance to local jurisdictions' individual interests.

Existing Operations: WMATA's existing operations have been threatened by the inability or unwillingness by WMATA's partner jurisdictions to fund critical bus service. The WMATA board of directors has made a proposal that each jurisdiction close its share of the FY 2010 operating budget (bus and rail) by deciding on service reductions within their own jurisdiction—including bus routes designated as "regional" because of their service crosses jurisdictional boundaries or runs on major arterials serving major activity centers—including federal locations. The result was uneven bus cutbacks throughout the region that had no semblance of a comprehensive plan. The plan directly impacts the

⁷ Mass Transit, Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority, GAO, May, 2006

⁸ Fiscal Note for SB 915, Maryland Department of Legislative Services, 2009

⁹ "Metro chairman to try again for \$150M in federal cash," Kytja Weir, Washington Examiner, April 23, 2009

federal government which has no say over what regional or local bus routes are cut (see Appendix A).

Maryland proposed cutting service on both regional routes and local bus routes. This elimination of service on segments of regional Metrobus lines includes lines with the heaviest loads, completely eliminating other regional lines, cutting service hours on others and widening headways. The proposed cutbacks are particularly severe in Maryland where nearly \$10 million of the \$13.6 million in Metrobus cutbacks is proposed.¹⁰

Arlington has proposed to take over a regional bus route (against the agreement adopted by the WMATA board and reported to Congress under the Regional Mobility Panel). Alexandria has proposed reducing service on regional bus lines. The District of Columbia proposes to eliminate a regional bus line and reduce service on eight others. Nearly one-third of all bus riders in the District of Columbia will be affected by the service reductions on these lines.

Another problem with bus financing is fares. While WMATA rail fares have generally kept pace with inflation, WMATA's bus fares have not. One analysis shows that fares would be about 20 cents per ride higher than today if they had kept pace with inflation.¹¹ It may be a prudent decision to keep bus fares low since a disproportionate number of bus riders fall into lower income categories. However, the jurisdictions have not made a conscious decision as to how to subsidize the potentially lost revenue.

The proposal to shift the burden for WMATA's deficit also calls into focus questions of class and race. The proposal put the entire burden of WMATA's deficit on the Metrobus system where 41% of riders were African American compared to 15% of Metrorail riders. About 50% of Metrobus riders have college degrees compared to 76% of Metrorail riders.¹²

New Rail Projects: WMATA's role in continuing to plan and construct and operate a regional transit system has been diminishing for some years. After completion of the 103 mile initial rail system, the only extension planned and constructed by WMATA has been a two station extension to Largo.

New heavy, light and streetcar rail projects are all being planned and constructed by local jurisdictions. While these projects receive nominal review by the Council of Governments Transportation Planning Board, they are uncoordinated and don't necessarily represent projects that would be regional priorities.

Projects such as the Maryland Department of Transportation "Purple Line," Metropolitan Washington Airport Authority "Silver Line," The Arlington/Fairfax Columbia Pike streetcar, Washington, DC Anacostia light rail demonstration project were all conceived and largely planned by local jurisdictions. In many cases, there has not been a lot of

¹⁰ Continued Review of 2010 Expense & Revenue, WMATA, March 26, 2009

¹¹ Metrobus, Metro Access fares have declined with inflation, Michael Perkins, Greater Greater Washington, March 9, 2009

¹² Media Guide 2008, WMATA

thought about how they integrate into the existing WMATA system. For example, the current station design for the MTA “Purple Line” at Silver Spring would have Purple Line trains coming in on a third level, passengers exiting to the first level and then re-entering WMATA fare gates to proceed to the 2nd level in order to transfer.

It may be possible to reduce some capital and operating costs of these projects by utilizing some of WMATA’s existing capacity such as WMATA railcar overhaul facilities and track equipment shops. There may be a benefit to modifying the planned WMATA rail car testing facility to utilize for testing light rail and street cars before introducing to service. There may be existing WMATA heavy track equipment that could be utilized on these systems. There may be some operational advantage in some situations to integrating the systems—passenger convenience, reduction of personnel required such as station managers and custodians. Unfortunately there has been little to no discussion about this.

There has also been little discussion at the regional level as to how the operating costs of these expansion systems will impact other transportation needs and how financing will be accomplished.

Improving Bus Service: WMATA’s ability to provide bus service in major corridors unserved by Metrorail or commuter rail has been hampered by the lack of expansion funds. The Metro Matters agreement had been amended to purchase 175 buses for expansion, but only 25 were purchased under the agreement—and these were intended for replacement of existing buses.¹³

Investment in bus capacity is critical but there are only the preliminary discussions taking place at the regional level. Although no decisions have been made, each jurisdiction seems to be throwing in a “pet” local project of questionable regional significance.

One of the major cost drivers of bus service is congestion—let us utilize an example that assumes a route takes 35 minutes one way and requires four buses to maintain a ten minute headway. If five years later congestion causes the route to take 40 minutes, this requires adding a bus to maintain the ten minute headway—a 25% increase in cost.

Investment in bus priority measures on existing regional corridors can mean significant operational cost savings. These include utilizing limited or express buses to equalize passenger load and bring about time savings, signal synchronization, bus priority signals, queue jumper lanes, bus priority lanes and pre-boarding stations at major locations. Some of these measures, however, require capital funds—although at a much lower amount than rail expansion.

WMATA’s current measures to upgrade the service on Richmond Highway & Columbia Pike in Virginia and the “30,” “70,” & “S” lines in the District are examples of “low-hanging fruit” in this regard. These measures required little to no capital investment beyond some newer and differently painted buses and a redistribution of passenger load through the use of limited stop or express buses. However, because of lack of funding,

¹³ Metro Matters Capital Budget Review, WMATA, April 2009

even these “low-hanging fruit” improvements are stretched out over several years. Greater savings can be achieved through larger capital investment.

Regional bus expansion will be necessary to serve growing areas and this service will need both capital and operating funds.

Under-capitalization of rail: Specifically funds for aging infrastructure on the rail, including stations, rail cars, track equipment, maintenance and storage facilities have not kept pace with need. WMATA has been run on a “pay as you go” system that does not budget adequately for long-term capital needs. The adoption of WMATA Compact amendments to comply with federal Public Law 110-432 and subsequent appropriations by Congress and dedicated funds from local governments will be a large step forward but still leave WMATA short on its capital needs

Under-capitalization of bus system: Aging bus garages in close-in locations directly affect productivity as it relates to operating costs. Maintenance costs are affected by older garage facilities and equipment. Operating costs for suburban areas are driven in part by the non-revenue time it takes a bus to reach revenue service. Steps have been taken to alleviate some of this problem but much more remains to be done. The average bus fleet age (around 8 years) is still higher than the target age and this too affects productivity. While WMATA’s bus maintenance costs are lower than industry averages, they could be lower still if garages were modernized and fleet age lowered.

Metro Access: Metro Access is the regional paratransit service required residents based on the Americans with Disabilities Act (ADA) of 1990. Costs have risen dramatically and usage is expected to grow. Demand for the service could grow anywhere from 50 to 100 percent by 2013. Ridership is already up 20 percent on average in the first quarter of FY 2009. Last year, ridership was 16 percent higher than the previous year.¹⁴ There is no funding strategy in place to meet current or future demand.

Discussion of Current Funding Issues

WMATA will continue to struggle to provide adequate service until local jurisdictions agree to some form of long term truly dedicated funding to WMATA for capital and operating needs.

ATU Local 689 believes that the current capital funding agreement provides the best practical model where a financial target is established and each jurisdiction establishes its own dedicated (not subject to annual appropriation) source of funding to meet that financial target. Such a target would have to take into account current operating needs, current and future capital needs, future expansion and inflation in order to be successful. Locally established “dedicated” funds would need to be relatively stable in order to avoid severe fluctuations in the amount of revenue.

¹⁴ Metro Access Ridership Expected to Grow Substantially During Next 5 Years, WMATA Press Release, Dec. 4, 2008

Dedicated funding of this type would not only alleviate WMATA's financial problems, but would also remove some of the incentive for local jurisdictions to put their own localized desires first ahead of regional interests.

Federal Role & Interest in Financing of WMATA

The federal government paid for approximately 60% of the cost to build the Metrorail system. It also paid the bulk of the cost to purchase the assets of the four formerly private bus companies that formed the basis of the Metrobus system. In the past several years, the federal government has paid about 40% of the capital costs of the Metrorail system and funded much of bus garage improvements and buses.¹⁵

In addition, nearly half the Metrorail stations serve federal facilities and it is estimated that nearly half of peak Metrobus & rail riders are federal employees.¹⁶

Appropriations that may result from Public Law 110-432 may increase that percentage further. It is anticipated that the District of Columbia will enact WMATA Compact amendments identical to the Maryland and Virginia, making WMATA eligible for \$1.5 billion in federal funds matched by local dedicated funds over a ten year period.

ATU Local 689 welcomes an increased federal role within WMATA. While the capital funds are certainly extremely important, the direct federal role on the WMATA board of directors is equally important.

We believe that the jurisdictions' individual interests will be counterbalanced by the federal government's regional interest. This could bring the following benefits:

- Insure that regional planning takes place
- Insure regionally significant transit priorities get attention
- Insure adequate funding for regional needs
- Insure that federally funded assets are used efficiently
- Oversee cost controls

We believe that a direct federal role within WMATA will provide a more rational decision making process for prioritization of current WMATA capital and operating needs as well as helping to rationalize issues of service expansion and if absolutely necessary—service contraction.

We would urge that once Public Law 110-432 is full implemented and funding begins, that Congress look seriously at extending this type of agreement to operations in order to insure its interests are protected and to gain a full partnership with the signatories of the WMATA Compact.

¹⁵ Mass Transit, Issues Related to Providing Dedicated Funding for the Washington Metropolitan Area Transit Authority, GAO, May, 2006

¹⁶ Compelling Case for WMATA, MCOG, 2004

APPENDIX A

Partial List of Federal Facilities Affected By Proposed WMATA Metrobus Service Reductions

Major federal facilities affected in MD:

Health & Human Services, Parklawn Building, C-4, through service to facility eliminated, additional transfer
 Nuclear Regulatory Commission, White Flint, C-8, non rush hours
 National Institute of Standards & Technology Q-2 (Gaithersburg shuttle from Shady—additional transfer bus)
 FDA, White Oak, C-8, Z-2, non rush hours and reduced service
 Archives II, College Park, C-8, R-3, none-rush hours & route elimination
 U.S. Federal Courthouse, Greenbelt, C-7, C-9, R-3, route eliminations
 U.S. Department of Energy, Germantown, Q-2, additional transfer by bus
 National Oceanographic and Atmospheric Administration, Silver Spring, Q-2, Z-2

Major federal facilities affected in DC:

Nearly every federal facility in the District of Columbia is affected by reduction of headways on regional Metrobus routes N2, N6, V7, V9, S2, S4, H2, H4, X2, 80, 52, 54, 92 and 94. In addition, Route D-5 is schedule for elimination and would affect the National Imagery & Mapping Agency and federal facilities located around the Foggy Bottom area and Farragut Square area.

Major federal facilities affected in VA:

Pentagon, 10A eliminated, 10B headways widened, 7-F, E, headways widened, 24P taken over by local service

Mr. LYNCH. Thank you.

Ms. Zinkl, you are recognized for 5 minutes.

STATEMENT OF DIANA ZINKL

Ms. ZINKL. Thank you, Chairman Lynch for inviting me to testify today.

My name is Diana Zinkl and I am the 2009 chair of the WMATA Riders' Advisory Council. It is an honor for me to be here today representing the RAC and riders of public transit throughout the national capital region.

A list of the names and jurisdictional affiliations of the other members of the RAC is included at the end of my written statement.

The board of WMATA authorized the RAC in 2005 following public requests to create a citizens advisory group to serve as an institutionalized voice for riders within the Authority. All of us are volunteers and actually several RAC members were here earlier today. Dr. Kelsi Bracmort, who is actually an employee of the Congressional Research Service; my jurisdictional vice chair from Maryland, Patrick Sheehan, who is also chair of WMATA's Accessibility Advisory Committee; and Carl Seip, a student right now at American University and he had to get to class. So they did make an effort to stop in and I was very glad to get a chance to see them today. We only meet once a month, so you know, we don't get to see each other too often.

All of the RAC members are committed transit riders, some of us by choice, some of us because driving is not an option for us. Six of us are car-free. We use bus, rail and MetroAccess. We walk and we bike. I myself have never owned a car. I have used transit my whole life, in large part because my own mother cannot hold a driver's license. She was transit-dependent, and when my dad was at work, that means we were too. We weren't the only ones. Lots of folks in my home town of Green Bay, WI used and needed the bus, and many of those bus routes that I used to take back in the 1970's and 1980's actually are still there today in Green Bay exactly where they were.

Another community actually with excellent bus service is Honolulu, which is where my mother went to high school. And when we used to visit my grandparents in the 1980's and the 1990's, a lot of the buses that she took in the 1950's were still there.

So I learned how to live a transit-oriented life from my mom, and I find it reward to experience my community by foot, by bike, by bus and rail, and all RAC members feel the same.

There are four points I would like to make today in my oral statement. First, WMATA provides basic transportation to residents of the national capital region. It is central to how many residents of the region live, work and play. It also serves visitors from all over the Nation and the world.

For transit-dependent individuals, WMATA is a lifeline to jobs, medical appointments, religious services and groceries. It prevents drunk and tired driving and keeps the region moving in inclement weather.

Two, RAC members are very supportive of recent and anticipated changes to improve buses. For instance, the new hybrid buses,

SmarTrip readers on all buses, the NextBus program, and the Bus Priority Corridor Network. And let me just take a moment to say what an honor it was I think for everyone involved in WMATA to have the vice president visit the bus facility in Landover, MD last week, acknowledging WMATA's new bus programs.

We hope this type of support signals renewed commitment to existing expanded bus service. This is the type of commitment that is needed to support reliance on bus service and generate development around bus lines similar to the development that you see around rail lines, and you do see that kind of support in some communities for bus service.

My third point today is that RAC members are a bit concerned that the pace of some of the recent operational changes at WMATA may be too fast for some riders, particularly transit-dependent vulnerable populations. We feel that WMATA and the public would benefit from earlier and more meaningful opportunity for public input into such changes.

For example, the elimination of paper transfers is one example. This was done through a budget process with little opportunity for public input before the decision was made. WMATA came to us, the RAC, to ask how to best publicize the elimination of paper transfers, but we really were not afforded an opportunity, nor was the general public afforded an opportunity to have input into that decision.

Similarly, we are also concerned at the RAC about the fate of weekly passes. Weekly bus passes are something that many bus riders rely on quite a bit. When I lived in Boston, I would have my monthly rail or bus pass every month and it gave me a lot of freedom and really helped my budget at a time when I was young and just starting out and not making very much money working in the public sector.

My fourth point is that RAC members would like to see WMATA achieve a stable funding situation, both from a capital and operational standpoint.

In conclusion, I was very glad to hear just a few minutes ago that you are a regular rider of both Metro and the T. I was always a big fan of the T when I lived in Boston, as I just said. And I would say that further information about the RAC, including meeting minutes, handouts and bylaws, can be found on our Web page on the WMATA Web site.

I would also like to thank all the members of the RAC, everyone at WMATA, my family, my co-workers at GAO who have been very tolerant for the past few weeks, and all my friends and neighbors for their advice and support.

And finally, I would like to thank the subcommittee for this opportunity to speak, and I am happy to answer any questions you may have.

[The prepared statement of Ms. Zinkl follows:]

Statement of
Diana Zinkl, Chair
Riders' Advisory Council
Washington Metropolitan Area Transit Authority
Before the
Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia
Committee on Oversight and Government Reform
United States House of Representatives

April 29, 2009

Good Morning, Chairman Lynch, Ranking Member Chaffetz and Members of the Subcommittee. Thank you for inviting me to testify today. My name is Diana Zinkl and I am the 2009 Chair of the WMATA Riders' Advisory Council (R.A.C.). It is an honor for me to be here today representing the R.A.C. and riders of public transit through the National Capital Region. A list of the names and jurisdictional affiliations of the other members of the R.A.C. is included at the end of this statement.

The Board of WMATA authorized the R.A.C. in 2005 following public requests to create a citizens' advisory group to serve as an institutionalized voice for riders within the Authority. The establishment of the Council was one of a series of initiatives undertaken by the Authority in 2005 to provide additional avenues for rider input into the system. Other initiatives included holding Town Hall meetings and allowing public comment at WMATA Board of Directors meetings. The R.A.C. reports directly to, and is appointed by, WMATA's Board of Directors. Members also work closely with Authority staff to provide customer input.

There are twenty-one (21) seats on the Council, eighteen (18) allotted by jurisdiction—six each from the District of Columbia, Maryland and Virginia, and two At-Large seats along with a representative from Metro's Accessibility Advisory Committee. The Council includes members who are Metrobus, Metrorail and MetroAccess users, college students and senior citizens, longtime residents and newcomers, those who prefer to use transit, and those who are transit dependent.

Other transit agencies have rider groups to provide feedback. Of the top ten transit systems in the United States, eight have either riders' or citizens' advisory councils. Many locally run transit services in this region receive public input through more general citizens' advisory committees.

WMATA provides basic transportation to residents of the National Capital Region. It is central to how many residents of the region live, work and play. Some riders depend on alternative transportation by choice, others by design, and others because of economics. It operates seven days a week, 365 days a year, taking people of all income levels and backgrounds to and from work at all hours of the day and night, to religious services, medical appointments, day care, cultural events, evenings out. For some transit dependent individuals, such as the elderly, individuals with disabilities, limited English proficient individuals, low income and very low income individuals, transit can be a lifeline to participation in society, providing them their only means of navigating their communities. It brings people home safely in all weather conditions, when they are alone, and when cars break down. It takes people home when they are too tired or too drunk to drive, protecting not only the rider, but people they may never meet.

We appreciate the key role that public transit and transit workers play in keeping the public safe from everyday threats. Public transit delivers people safely to locations near their destination; prevents drunk, tired, and distracted driving; guarantees all riders—particularly women, children, the elderly and those traveling alone—protection from crime, harassment, fear, bad weather and accidents.

As committed transit riders—and several of us are transit dependent—we are aware of the importance of pedestrian and bicycle connections to transit facilities. We also realize that many of these connections—like many other issues affecting WMATA—are outside the control of the Authority and lie in the hands of member jurisdictions.

Proposed Operational and Service Changes

Recent and anticipated changes to WMATA's operations and service indicate a positive future

for bus service. We hope that this will include a commitment to existing routes and a long term commitment to new service by both WMATA and member jurisdictions.

New Bus Programs

R.A.C. members are very supportive of WMATA's efforts to improve bus service. New, lower profile buses that are easier to board and exit, hybrid buses that should deliver fuel savings in future years, and full implementation of SmarTrip card technology in bus systems throughout the Region are some of the capital improvements that we have welcomed in recently.

Operationally, WMATA has several innovative bus projects that we are excited about. The NextBus program will provide realtime arrival information at all 11,000 bus stops in the WMATA system, allowing riders to make informed choices about when they leave for the bus stop, and which bus line to use. This information will be particularly valuable to bus riders in bad weather and late at night. The Bus Priority Corridor Network will designate high service bus routes that will replicate rail service—hopefully including frequency, leveling the playing field between bus and rail service. As one step in the development of the Bus Priority Corridor Network, WMATA has already restructured the bus service on 16th Street in the District, introducing limited stop express buses. We recognize that many elements of improving bus service require partnership with member jurisdictions and hope that WMATA receives this support as needed to improve bus service.

In addition, the Authority is currently considering a pedestrian and bicycle access study and a bus stop study. WMATA as a regional transit authority is in a unique position to promote pedestrian and bicycle safety, both from traffic and crime, throughout the region, but only with the cooperation of member jurisdictions. Many R.A.C. members, of course, as transit dependent individuals or heavy users of transit, regularly experience their communities on foot. We look forward to contributing to these studies and would ask our jurisdictions to support these efforts.

Improvements to the bus system mimic recent improvements to the rail system. It was not so long ago that rail service ended at midnight every night, did not start until 6am on weekdays, and, particularly on weekends, riders often encountered four car trains. Through a series of pilot projects, WMATA has extended hours on the rail system and equipment purchases have

improved capacity. As WMATA approaches final decisions about the purchase of the next generation of rail cars, we hope that this innovative and forward looking view is maintained.

2010 Proposed Bus Service Cuts

As it has been for many, this year has proven to be a difficult budget year for WMATA. In anticipation of proposed service cuts, the R.A.C. adopted a resolution recommending standards for service adjustments for the benefit of the Board of Directors and the Authority. The first standard requests acknowledgement that WMATA provides basic transportation service to many residents of the region. Other standards request equity—interjurisdictional, intermodal and social—in service adjustments, and that service adjustments reflect how riders use the system, such that the impact of any adjustments have the least possible impact. We asked that the Board, the Authority and the jurisdictions look for any way to avoid service reductions, particularly the elimination of bus routes or reduction of hours of service on the rail system. In addition, our resolution also asked for transparency in the process of any service adjustments. Specifically, we requested detailed information to the public about service cuts and an opportunity for public input.

As WMATA moved forward with proposed bus service cuts, the public testimony of many riders confirmed their dependence on bus service to go about their daily lives—get to work, grocery stores, laundromats, religious services and school, and to do so safely—avoiding areas that are dangerous for walking and biking, either because of traffic or crime. Particularly, many low income and moderate income individuals, single parents, elderly individuals and individuals with disabilities spoke about how their bus is a lifeline for them. Moreover, we are concerned that eliminating bus routes may make current and potential bus riders reluctant to depend on bus service in the future.

R.A.C. members are concerned that the pace of some recent operational changes may be too fast for some riders, particularly transit dependent vulnerable populations, such as low income, very low income, elderly, disabled, the limited English proficient and second shift workers. Moreover, we feel both the WMATA and the public would benefit from earlier and more meaningful opportunity for public input into such changes. For example, the time frame of the recent public hearings on service cuts was compressed, and, to date, we have not seen a detailed

2010 proposed budget book as has been made public in past years. In addition, the choices put before the public were very limited, each jurisdiction proposed cuts that exactly met the subsidy deficit. Similarly the elimination of paper transfers was done very quickly, shortly after some local bus systems adopted SmarTrip, leaving bus riders in some areas only a few months to adapt to SmarTrip.

Latest Safety and Security Initiatives

The R.A.C. looks forward to engaging in everyday public safety issues. Our input has been sought on both public safety and homeland security issues.

Everyday Safety

Pedestrian and bicycle connections are an important component of public transit access. Some of the public testimony offered during the recent service cuts hearings raised issues of public safety with pedestrian and bike connections to transit. Many witnesses spoke generally about concerns with pedestrian and bicycle safety in their neighborhoods—both from crime and traffic, discomfort during long waits between buses, and the need for bus service to connect them across unwalkable or unbikeable areas. For example, a mother and her teenage daughter spoke of a sense of unsafe conditions at their neighborhood MetroRail station, particularly for women and girls. Additionally, during the early public discussions of the 2010 budget gap, feedback from outlying areas of the MetroRail system was that extending the hours WMATA charges for parking or raising the hourly weekday parking charges was not tenable because of the lack of pedestrian and bicycle connections between the MetroRail stations and the surrounding areas.

Random Bag Search Program

The Authority sought R.A.C. input last fall on one homeland security initiative, its random bag search program. In October 2008, WMATA publicly announced plans to conduct random bag searches at the entrance to rail stations. The R.A.C. heard public comment on this proposal at both the November and December meetings. At our December meeting, we were also briefed by WMATA staff. WMATA staff stated the program implementation was imminent. R.A.C.

members had concerns about the public opposition voiced at our meetings, the lack of opportunity for public input into the project, and some uncertainties on the scope and operation of the program. We adopted a resolution, requesting the Board hold at least one public meeting on the initiative to allow additional opportunity for public input. Our resolution on this program is attached.

Moving forward, I hope the R.A.C. can have a positive influence on public safety issues in several ways.

- looking generally at public safety issues impacting riders and the Authority;
- participating in the Authority's pedestrian and bicycle and bus stop studies;
- ensuring a sense of security for riders at MetroRail stations.

Pending Capital and Improvement Projects and Funding Updates

With regard to funding, R.A.C. members would like to see WMATA achieve a stable funding situation, both from a capital and operational standpoint. This is a matter of both actual funding, as well as policy, practice and information.

Budget Process

The lack of authority for WMATA to develop and maintain an operational reserve fund or carry over operating excess from one year to another contributes to financial instability. It creates incentives to take on additional operating expenses in years when the Authority is flush with funding and then makes it more difficult to make ends meet in later years. For example, in many years, the jurisdictions receive a "rebate" on their annual subsidy payment—that is, at the end of the fiscal year, WMATA returns any operating excess to the jurisdictions. Early indications are that 2009 will be no different. It would be a shame to eliminate bus routes and reduce frequencies in 2010, only to find at the end of the year that the Authority had generated an operating excess. If the Authority was allowed to keep some operating excess, this would allow a mechanism to stabilize both the operating and capital budget.

We encourage the Authority to create an open process for fiscal planning—both operational and

capital. This year, the public has not had access to a line by line budget proposal, which would allow public input to a budget funded with public money. This has limited the ability of the public, including the R.A.C., to participate meaningfully in the dialogue over the Authority's 2010 budget. Similarly, the allocation of the WMATA fiscal stimulus funds was allocated to capital projects with no opportunity for public input.

Future Challenges

Future challenges will likely create additional pressures on WMATA's budget, both capital and operating. Current projections show increasing demand for MetroAccess, increasing ridership on existing MetroRail and MetroBus routes, need for new services in growing parts of the region, aging capital infrastructure in the core system, and demand for new capital facilities. Suggested solutions include creating a dedicated funding source for WMATA, such as a sales tax increment; an infusion of capital funding in exchange for federal participation in WMATA governance; and developing the WMATA owned land adjacent to transit rail and using the revenue to fund WMATA needs.

As has been said often in recent times, we must do more with less, or even more with more. The budget discussions of recent years are likely a bellwether for the future, calling for longer term solutions and requiring multiple responses to stabilize the Authority's funding situation and allow the Board, management and riders to focus on operational issues rather than budgeting. For instance, increased demand for MetroAccess is inevitable as the Baby Boomer generation ages and the first generation of individuals raised under the Americans with Disabilities Act enters the workforce. Creating opportunities for public input by partnering with the disability community to explore making the Bus and Rail systems more friendly and accessible to individuals with disabilities might reveal solutions, such as constructing redundant elevators in Rail stations, more space on buses for passengers using wheelchairs, universal design concepts, automated stop announcements throughout the system and fully accessible pedestrian facilities. I would also suggest here that WMATA as a regional entity is well positioned to partner with state and local governments to holistically address the needs of individuals with disabilities such that mass transit is a more feasible lifestyle option for individuals with disabilities.

Finally, the member jurisdictions of WMATA, the District of Columbia, the State of Maryland,

and the Commonwealth of Virginia, all have a responsibility to the system. This system is available to all residents of and visitors to the National Capital Region, and takes them where they need to go, seven days a week, 365 days per year, safely and quickly. It is in the hands of the General Manager and the Board to manage the Authority efficiently and exhibit fiscal responsibility. It is incumbent on the jurisdictions to provide adequate support based on the work of the Authority leadership. It is the duty of both to meet the needs of their own residents as well as the residents of other jurisdictions and visitors to the area.

In conclusion, I would encourage you, if you have not already done so, to try riding MetroRail and MetroBus, as well as transit systems in your home Districts and throughout the United States. Further information about the R.A.C., including meeting minutes, handouts, and bylaws can be found at http://www.wmata.com/about_metro/riders_advisory_council/.

I would like to thank the Subcommittee for the opportunity to speak today. I am happy to answer any questions you may have.

Attachments

Attachment A—List of Current R.A.C. Members

Attachment B—Recent Policies and Resolutions

Attachment C—WMATA Board Resolution creating R.A.C. and R.A.C. Bylaws



Attachment A—WMATA Riders' Advisory Council Members

District of Columbia

- David Alpert
- Dr. Kelsi Bracmort
- Patricia Daniels
- Kenneth DeGraff
- Carol Carter Walker
- Diana Zinkl (Chair)

Maryland

- Dr. Sharon Conn - Prince George's County
- Francis DeBernardo - Prince George's County
- Mary Kay Dranzo - Montgomery County
- Christopher Farrell - Montgomery County
- Susan Holland - Prince George's County
- Lora Routt - Montgomery County

Virginia

- Penny Everline - Arlington County (2nd Vice Chair)
- Evelyn Tomaszewski - Fairfax County
- Lillian White - City of Alexandria
- Robin White - Fairfax County
- Vacant - Arlington County
- Vacant - Fairfax County

At-Large

- Dharm Guruswamy
- Carl Seip
- Patrick Sheehan - Accessibility Advisory Cmte. representative (1st Vice Chair)

Attachment B



600 Fifth Street NW
Washington, DC 20001

April 23, 2009

WMATA Board of Directors
600 Fifth Street, NW
Washington, DC 20001

Public Docket B09-3

Dear Board Members,

We are writing in response to the Board's express solicitation of comments from the R.A.C. on proposed service cuts, the General Manager's 2010 proposed budget and the public hearings in the March 26, 2009, resolution authorizing public hearings on those proposals.

Summary

We are concerned that the currently proposed bus service cuts will affect only one mode, harm transit-dependent riders, remove vital connections, reduce safety and increase other costs such as MetroAccess. We urge the Board and member jurisdictions to continue to explore other alternatives to cuts. To increase public participation in the budget process, we also request that Metro make public the complete 2010 budget proposal before further decisions are made.

Further, we believe that the public's involvement in these hearings was needlessly compressed in time and limited to a small range of topics. In the future, we hope the Board will allow more time for hearings, avoiding the need for multiple hearings on the same night, and permit the public to weigh in on a broad range of potential budget solutions that span rail, bus, parking, and other services, instead of a predetermined single choice. We also urge the Board to begin the open process of discussing the 2011 budget gap very soon after concluding the 2010 budget process, providing time for a thorough debate of all alternatives.

Service Cuts

Aware that service cuts might be part of the WMATA 2010 budget process, the R.A.C., at its March 4, 2009, meeting, adopted a resolution on service adjustments. This resolution encourages the Board, WMATA and member jurisdictions to pursue service cuts as a last resort and, if cuts are necessary, outlines principles to guide those decisions. A copy of the resolution is attached.

Our comments in this letter are based on the principles in that resolution which we strongly reaffirm. Additionally, the feedback comes from our personal experiences using the various modes of the WMATA system, from our discussions with other riders and among ourselves, from the information which WMATA staff has provided, and from our attendance at all of the public hearings held from April 13 to 17, 2009.

We maintain the strong belief that WMATA should not balance the budget on the backs of bus riders. The burden of the cuts falls exclusively on one subset of riders who use the target services.

In particular, we have serious concerns that:

- These cuts eliminate needed connections to jobs, houses of worship, grocery stores, laundromats, health care and child care options;
- Headway lengthenings, reroutings and reductions in hours of service will increase safety risks to riders;
- Some of the services slated for elimination lack realistic alternatives, and
- Many supposed alternatives require transfers, which are especially burdensome to senior citizens and persons with disabilities;
- The cuts will increase unemployment rates and, thus, social service spending;
- Elimination of bus service may increase use of MetroAccess, neutralizing some or all potential cost savings.

The R.A.C. welcomes a holistic and community-based reexamination of the bus network, and opposes cutting individual routes annually in the budget process and in response to shortfalls. R.A.C. members are encouraged by the Board's recent interest in improvements to bus service and hope this signals a lasting commitment to creating equity between bus and rail service.

Transparency in the Public Process

We are disappointed in the lack of transparency in the decision-making process for these service cuts, despite the recommendations for such in our resolution. We feel the Board should allow ample time for the public to meaningfully comment and for management to advertise any service changes. For example, the public hearings scheduled for the week of April 13, 2009, featured two sets of hearings at the same time and day. In addition, we are concerned that the testimony at hearings did not accurately represent the working poor, some minority groups, and individuals with limited English proficiency, who are disproportionately affected by bus service cuts. Finally, the R.A.C. feels that the Board should have presented the public with a full slate of budgetary options, including fare increases, rail service adjustments, and parking rate increases, rather than just asking for public input on a pre-selected list of cuts.

In the event that WMATA moves forward with service cuts, we believe it should conduct a very intensive public information campaign, so that riders have specific and explicit information about how their service is affected.

Finally, in recent weeks there has been general discussion about the Fiscal Year 2011 budget, but with little specific information available to the public. Given the compressed and hurried nature of our process this year, the R.A.C. encourages the WMATA to seek public input about the 2011 budget immediately, rather than waiting until late in the fiscal year.

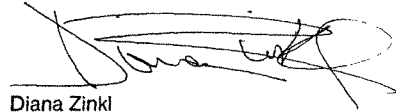
The 2010 Budget

In past years the R.A.C. has reviewed WMATA budget proposals—both operating and capital—and provided input to the Board and the Authority. To date, the R.A.C. has yet to receive a copy of the 2010 General Manager's budget proposal. A series of PowerPoint presentations available on the WMATA website provided only vague information on the upcoming budget cycle, lacking the detailed and systematic information available in a complete

and thorough budget proposal. An accessible copy of the detailed budget on the WMATA website would make this publicly available to many at minimal expense. Without a detailed budget to review, the R.A.C. is unable to comment on the 2010 budget, but we look forward to doing so once it is available.

While we are aware the Board, WMATA and jurisdictions have gone through a lengthy process to reduce the original budget gap, we ask that you continue to examine this budget for further opportunities to reduce costs. We would also urge the jurisdictions to apply the subsidy rebate from 2009 to the 2010 budget and increase contributions. Finally, we continue to encourage creative solutions to bring in additional revenue.

Thank you,

A handwritten signature in black ink, appearing to read 'Diana Zinkl', written over a horizontal line.

Diana Zinkl
2009 Chair
WMATA R.A.C.

Patrick Sheehan
1st Vice Chair

Penelope Everline
2nd Vice Chair

Carl Seip, At-Large

Carol Carter Walker, Washington, DC

Francis DeBernardo, Maryland

David Alpert, Washington, DC

Dharm Gururwamy, At-Large

Evelyn Tomaszewski, Virginia

Robin White, Virginia

Dr. Kelsi Bracmort, Washington, DC

Dr. Sharon Conn, Maryland

Kenneth DeGraff, Washington, DC

Christopher Farrell, Maryland

Lora Routt, Maryland

WMATA Riders Advisory Council Resolution on Service Adjustments

Whereas, the Riders Advisory Council recognizes the need for WMATA to achieve a balanced budget,

Whereas, the Authority, the Board and the member jurisdictions should search for additional cost savings and sources of revenue, work to improve efficiency, develop a better understanding of the quantitative and qualitative benefits of the system, strongly consider additional, targeted subsidy increases, and aggressively pursue alternative funding before reducing service;

Whereas, the Advisory Council acknowledges that a balanced budget may require WMATA to achieve cost savings through service adjustments as well as non-service associated cost savings and additional jurisdictional subsidy;

Whereas, the Advisory Council believes WMATA should preserve the quality of the rider experience and not sacrifice the goal of maintaining the best ride in the nation and a high level of civility and cleanliness; now, therefore be it

Resolved, the Advisory Council adopts the following principles for service adjustments should guide any decisions made by the Board or the Authority:

- maintaining basic transportation—recognition that Metro provides a critical service, 24 hours a day, seven days per week, enabling residents of the region to travel to work, school, personal appointments, entertainment and recreation at all hours of the day and all days of the week.
- customer, employee and public safety—service adjustments should take into account direct effects on safety, such as operator training and work hours, and indirect effects on safety, such as availability, frequency and security of evening and late night service.
- interjurisdictional and intermodal equity—service adjustments should be adopted in a manner that distributes service, adjustments and the burden of those adjustments throughout the region and among modes and types of services provided by the Authority, acknowledging that existing service in some areas may already be limited under current scheduling.
- valuing social equity—providing service based on community need as well as efficiency and demand. Recognize that for transit dependent individuals, even limited service provides opportunities to participate in basic community functions that might be out of reach otherwise.

- maintaining alternatives within transit—seemingly overlapping services may provide needed options, prevent overcrowding and bottlenecks, minimize the impact of service disruptions and are not necessarily “duplicative.”
- sensitivity to “day of week” and “time of day” changes in demand—Metro should consider broader use of targeted service adjustments that reflect time of day and day of week variation in demand and minimize the impact of service adjustments on customers (for example the weekend closure of the 17th street entrance to the Farragut West Metro is one example of a “targeted service adjustment”).
- strong communication to the public on service adjustments—
 - transparency at all stages in the development of any and all service adjustments, including detailed information available to the public and open, public, noticed meetings for all discussions of service adjustments, except where directed to do so by the Board.
 - opportunity for public input into service adjustments through public hearings in affected areas for all service reductions.
 - any service adjustments need to be widely and unambiguously communicated to the public to prevent confusion, delay, and maintain strong relationships with the riding public, taking into account regular users, occasional users, tourists and special needs riders.

Approved by the Riders' Advisory Council – March 4, 2009

WMATA Riders Advisory Council Resolution on Real-Time Bus Information

Whereas, the NextBus system allows riders to access real-time information about bus arrivals on the Web and on mobile devices;

Whereas, real-time information is extremely valuable to riders, allowing them to better time their actions to catch a bus or make decisions about which bus to choose;

Whereas, according to a UK study, real-time information also improves riders' perception of bus reliability and frequency;

Whereas, WMATA has been working with NextBus to set up a new and more accurate real-time information system for Metrobus;

Whereas, some Metrobus riders have been using NextBus at their own risk for several months, and many have found it useful despite its limitations; now, therefore be it

Resolved, the Riders' Advisory Council urges WMATA to work with NextBus to complete and officially release the system as soon as practical, and

Resolved, the Riders' Advisory Council requests that WMATA explore opportunities for RAC members and interested members of the public to start using the NextBus system in a "beta test" before it is officially launched, and as soon as possible, to receive feedback and benefit riders.

Approved by the Riders' Advisory Council - March 4, 2009

**Metro Riders' Advisory Council Resolution on Random
Security Inspection Policy**

The Riders' Advisory Council urges the Metro Board and the General Manager to convene at least one public meeting, at a time and place convenient to the public, where the Metro administration will present information on its random security inspection policy, including any information supporting its rationale for such a policy, and give the public sufficient opportunity to ask questions and make comments.

The Council asks that Metro suspend implementation of this policy until such time as at least one public meeting is held.

Approved by the Riders' Advisory Council – December 3, 2008

PRESENTED AND ADOPTED: September 22, 2005

Attachment C

SUBJECT: APPROVAL OF CREATION OF RIDERS' ADVISORY COUNCIL

2005-44
**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, during the last few months the Authority has added several new modes of customer communication, including town hall meetings, online chats, a new Board of Directors email address, public comment period during Board meetings and advance posting of Board presentations on the WMATA website; and

WHEREAS, The Authority believes that increased interaction with riders will result in increased rider satisfaction; and

WHEREAS, The Authority previously has had no formal advisory body consisting of riders; and

WHEREAS, The Board desires to provide as many outlets as feasible for rider input; now, therefore be it

RESOLVED, That the Authority establishes a Riders' Advisory Council; and be it further

RESOLVED, That this council will serve in an advisory role and recommend possible solutions to the Board and staff, based on public input, so that WMATA can effectively address the diverse concerns of the riding public; and be it further

RESOLVED, That the Riders' Advisory Council will consist of 21 members, six residing within each jurisdiction and reflecting the varied groups of riders from all services and representing the diversity of the system ridership and an additional three members appointed without regard to ridership pattern or demographics (one of whom shall always be the Chair of the WMATA Elderly and Disabled Transportation Advisory Committee); and be it further

RESOLVED, That members will agree to devote sufficient time to the Council, will not be WMATA employees or elected officials and will sign a Standards of Conduct agreement with the Authority; and be it further

Motioned by Mr. Kauffman, seconded by Mr. Graham

Ayes: 6 - Mr. Kauffman, Mrs. Mack, Mr. Deegan, Mr. Graham, Mr. Smith, Mr. Euille

RESOLVED, That the Board of Directors will appoint the council members from each jurisdiction and the three additional at-large members for a term of three years with terms staggered; and be it further

RESOLVED, That the Chair and two Vice Chairs of the Council will be chosen annually by the membership of the Council; and be it further

RESOLVED, That the Board adopts the By-Laws as shown on Attachment A to this Resolution, and be it further

RESOLVED, That all members of the Council shall comply with the Standards of Conduct as shown in Attachment B, and be it finally

RESOLVED, That this resolution shall take effect immediately.

Reviewed as to form and legal sufficiency:



Carol B. O'Keeffe
General Counsel

Washington Metropolitan Area Transit Authority
Riders Advisory Council

BY-LAWS

ARTICLE I

NAME

The name of the advisory group shall be the Washington Metropolitan Area Transit Authority (WMATA) Riders Advisory Council, and may be referred to as "the RAC."

ARTICLE II

MISSION

A. MISSION STATEMENT

The mission of the RAC is to actively seek input from a broad range of riders on operational and budgetary issues that affect Metrorail, Metrobus, and MetroAccess riders and organizations with an expressed interest in public transit; advise the WMATA Board, on ways to resolve such issues in order to improve the Metrorail/bus system and MetroAccess; promote WMATA responsiveness to riders; and recommend possible solutions to the WMATA Board of Directors and staff, based on public input, so that WMATA can effectively address the diverse concerns of the riding public.

This mission is consistent with WMATA's goal to encourage public input in order to provide the best service to all of its customers.

B. GOALS OF THE RAC

The goals of the RAC are to:

- Advise the Board of Directors on operating and budgetary issues that have a direct impact on Metrorail, Metrobus, and MetroAccess riders;
- Encourage rider awareness of the RAC and of the opportunities that the RAC provides for riders to make their voices heard;
- Advise the Board of Directors on operating and budgetary issues that have a direct impact on Metrorail, Metrobus, and MetroAccess riders;
- Encourage open decision-making process by WMATA that clearly reflects riders' needs and concerns;
- Support improvements in service;
- Aim for a high level of rider satisfaction with WMATA; and
- Strive for a high level of public confidence in WMATA.

C. RESPONSIBILITIES

The RAC shall serve in an advisory capacity to the WMATA Board and may work with staff to:

- Educate themselves about the Metrorail/bus system, the budget process, and the administrative process as they relate to providing transportation by bus, rail, and paratransit;
- Review, analyze, and prepare recommendations on issues that relate to the provision of Metrorail/bus and MetroAccess service;
- Hold public forums with special focus on an issue, geographical location, or targeted group as necessary to respond to riders' concerns and apprise WMATA of the date and time of such public forums for its information and use;
- Attend, listen, and speak at community meetings to better learn and represent riders' perspectives;
- Develop recommendations which take into consideration the needs of people throughout the Metrorail/bus system service area and which consider the financial impacts of different solutions on both customers and WMATA;
- Execute and adhere to a RAC Standards of Conduct Policy;
- Establish annual goals for the RAC;
- Interact with the WMATA Elderly and Disabled Committee (E&D Committee), which advises the WMATA Board on WMATA's programs and transportation facilities insofar as they affect customers with disabilities and those who are elderly; and
- Interact with other advisory groups established by WMATA.

D. COMMUNICATION WITH BOARD AND STAFF

The RAC may communicate with the WMATA Board of Directors and appropriate staff on a regular schedule as established by the WMATA Board, and may send additional reports or recommendations as needed by the WMATA Board. A brief report may be made at the beginning of each WMATA Board or Board Committee meeting that is open to the public on items that are within the mission and goals of the RAC. The RAC may also provide advice in other areas not within the stated goals or mission of the RAC after prior consultation of the WMATA Board.

ARTICLE III

MEMBERSHIP PRIVILEGES

A. COMPOSITION

The RAC shall be composed of up to twenty-one (21) members, eighteen (18) of which shall consist of six (6) members from each of the jurisdictions who live in the WMATA service area. Membership will be selected, generally, from people who live in the WMATA service area. It is important that the membership reflect a broad representation of people from different geographic locations of the WMATA service area and not any particular advocacy group. Therefore, membership on the RAC shall reflect a broad array of ages, genders, races, and disabilities so as to capture the concerns of the riders in the WMATA service area. To that end, each set of six jurisdictional members shall be spread among two (2) bus riders; two (2) rail riders; and two (2) paratransit, combination rail and bus riders, or other rider trip patterns. An additional three (3) members shall be appointed by the WMATA Board without regard to trip pattern or demographic composition; provided, however, that one of the three additional members shall be the Chair of the WMATA Elderly and Disabled Transportation Advisory Committee (or any successor committee thereto). WMATA employees or elected officials are not eligible for membership on the RAC.

B. SELECTION PROCESS FOR MEMBERS

Applications will be available on the WMATA website, in the take-one boxes throughout the Metrorail/bus system and MetroAccess vehicles and through the Office of Customer Service. A selection committee for each of the District of Columbia, Maryland, and Virginia will convene annually to review applications and select a slate of prospective RAC members who reside within the boundaries of the Compact signatory whose selection committee is supporting their nomination to present to the WMATA Board of Directors for approval. The Selection Panel will be comprised of one or more members of the WMATA Board of Directors from the given Compact signatory. The original Selection Panel will be comprised of one or more members of the WMATA Board of Directors from the affected Compact signatory. WMATA staff shall provide support as necessary. The WMATA Board will review and appoint the members using the following process: Each selection committee shall present its report at the December meeting of the Board of Directors and the Board of Directors shall vote on that report at the January meeting. Should the report of the initial Selection Committees be presented to the Board of Directors at any meeting other than the December meeting, then the Board shall vote on the report at the meeting following the meeting at which the report was presented. Mid-term vacancies shall be governed by Article III section F of these Bylaws.

C. TERM OF OFFICE

1. Members

- a. The term for each member of the RAC shall be for three (3) years or until replaced by the appointment of a new member of the RAC, appointed by the Board. In order to stagger membership, one-third of the first RAC members shall serve for a one-year term, one-third of the first RAC members shall serve for a two-year term, and one-third of the first RAC members shall serve for a three-year term, all of which shall be selected by lots. The term of a member of the RAC does not include time serving on the RAC before the first January meeting of the WMATA Board after the formation of the RAC.
- b. Terms shall follow the calendar year and normally commence in January after action by the Board. Terms shall expire on the later of December 31 or when the Board makes new appointments to the RAC.
- c. Optimally, one-third of the membership terms would begin or expire each year. The seat held by the Chair of the WMATA Elderly and Disabled Transportation Advisory Committee shall, for the purposes of this subsection, be deemed to have expired at the close of every third year.

- 2. Members may be considered for reappointment at the end of their term through the established selection process. The selection process shall consider the value of retaining some historical memory as well as the value of new ideas. However, no person shall serve on the RAC for more than 4 complete terms, with the exception of the Chair of the WMATA Elderly and Disabled Transportation Advisory Committee, who shall not be so limited.

D. VOTING RIGHTS

The RAC shall at its first meeting determine the methods by which the RAC shall take positions.

E. RESIGNATION

Members may resign by filing a written resignation with the RAC Chair who then will inform the staff and WMATA Board of Directors.

F. MID-TERM VACANCY

If membership vacancies arise during the year, the WMATA Board of Directors' Chair, with input from the WMATA Board of Directors, will fill the

vacancy for the unexpired term. Such time serving an unexpired term shall not count against the 4 complete term limitation on RAC membership.

ARTICLE IV

TERMINATION OF MEMBERSHIP

- A. A member's appointment to the RAC shall be terminated upon an affirmative determination by the RAC made at a regular meeting with two-thirds of the members present and voting and which constitutes a majority of all members holding appointments to the RAC that a member:
 - 1. Has had three consecutive unexcused absences or missed five regular meetings without an approved excuse in a calendar year.
 - 2. At the time of appointment, materially misrepresented use of the Metrorail/bus system or MetroAccess or affiliation with a community organization upon which his/her appointment was based. The omission of information substantially relevant to the basis for the appointment shall be considered to be a material misrepresentation, thereby subjecting the RAC member to removal as provided in this Article.
 - 3. Engaged in a consistent pattern of disruptive behavior in RAC or other WMATA-related meetings which includes use of slurs, derogatory comments, or any other conduct, whether physical, verbal or written directed at another person or based upon another person's race, color, origin, sex, religion, sexual orientation, disability, or age.
 - 4. Refuses to execute or adhere to the RAC Standards of Conduct Policy.
- B. The Chair will notify the member and the WMATA Board when membership has been terminated. The WMATA Board Chair, with input from the Board of Directors, shall appoint a new member to serve the unexpired term of the terminated member.

ARTICLE V

OFFICERS

A. CHAIR

The membership of the RAC will annually elect the Chair of the RAC from the RAC membership. The RAC Chair will develop an agenda, lead meetings and keep order, appoint members to subcommittees, present reports to the WMATA Board of Directors, prepare and sign all letters, reports and other

communications of the RAC. Additionally, the RAC Chair may discuss matters of interest directly with the Chair of the WMATA Board of Directors.

B. VICE-CHAIR

The membership of the RAC shall annually elect a First Vice-Chair and a Second Vice-Chair from the RAC membership. In the absence or inability of the Chair to serve, the First Vice-Chair shall have all of the powers and shall perform all of the duties of the Chair. In the absence of both the Chair and the First Vice-Chair, the Second Vice-Chair shall have all of the powers and shall perform all of the duties of the Chair. The Vice-Chairs shall perform such other duties from time to time as may be requested by the Chair.

C. CHAIR AND VICE-CHAIRS

1. Term of Office

The officers of the RAC shall serve for one (1) year. The positions of Chair and Vice Chair shall be split among Members from the District of Columbia, Maryland, and Virginia and rotated annually. No person shall serve as Chair for more than three years.

2. Vacancy

A vacancy in any office shall be filled by a special election held by the RAC at the meeting next following the announcement of the vacancy and shall be for the unexpired term.

3. Temporary or Permanent Vacancies

If the Chair and both Vice-Chairs are absent from any meeting and/or are unable to act, the meeting shall be called to order by staff. The staff shall immediately call for the election of a Temporary Presiding Officer.

4. Failure to Elect

If the RAC fails to elect a Chair or Vice-Chair, the existing Chair or Vice-Chair shall continue to serve until successors are appointed.

D. STAFF SUPPORT

The GM/CEO or his designee shall designate a person to serve as RAC staff to prepare meeting notices, agendas, and minutes as required and to serve as liaison between the RAC and the WMATA Board of Directors. Such staff member shall be a WMATA employee hired by the Hiring Committee composed of four members of the RAC and one appointee of the GM/CEO. A hiring decision shall be made by a majority vote of the Hiring Committee with such majority containing at least one affirmative vote from the RAC

appointees and one affirmative vote from the GM/CEO appointee. A representative of the WMATA Office of Human Resources and Management Services shall sit on the Hiring Committee and participate in its discussions but shall not have a vote in the hiring decision. The RAC shall have input into the development of the job description for the position, the annual performance plan for the employee, and the annual evaluation of the employee's performance. These documents shall be prepared by WMATA in cooperation with the RAC and in compliance with all WMATA policies and procedures.

WMATA shall provide a specific amount of space on its external website for the general public for use by the RAC and shall take all necessary steps within a reasonable time to post RAC provided information on that website. The sole review of the RAC content shall be to ensure that the posted information is in a form conducive to use on the website and not defamatory, false, misleading or deceptive.

ARTICLE VI

MEETINGS

A. REGULAR MEETINGS

All regular meetings of the RAC shall be held once a month, generally in the evening, and conducted in accordance with Robert's Rules of Order and these by laws. Meeting agendas shall be posted on WMATA's website in the same manner as agendas posted for meetings of the WMATA Board of Directors. Meetings will be open to the public, held in a location accessible to people with disabilities, and within the geographical boundaries of WMATA's service area.

At least 72 hours prior to a regular meeting, an agenda must be posted which contains a brief general description of each item to be transacted or discussed at the meeting. Members of the public have the right and should be solicited by the RAC to attend and directly address the RAC on any item on the agenda that is within the subject matter of the RAC before or during the consideration of the item.

B. SPECIAL MEETINGS

Special meetings may be called by the Chair when in the opinion of the Chair the business of the RAC requires it or by the request of a majority of the RAC membership. Notice for special meetings will conform to the requirements of notice for regular meetings. No other business shall be considered at such meeting.

C. QUORUM

A majority of the appointed members of the RAC (50 percent of the membership, plus one) must be present in order to constitute a quorum necessary for the transaction of the business of the RAC. No decision of the RAC shall be valid unless a majority of members present and voting concur by their vote.

D. DECISIONS AND ADVICE OF THE RAC

All decisions of the RAC, which require a formal vote, shall be made only after an affirmative vote of a majority of its members in attendance unless otherwise expressly stated in these By-Laws, provided a quorum is present. Staff shall forward minutes of meetings, as well as any special reports or communication desired by the RAC, to the WMATA Board of Directors. In addition, the Chair or a designee may present reports to the WMATA Board of Directors or an appropriate committee in person.

Dissenters to a decision made by a formal vote may forward to the WMATA Board of Directors their minority or dissenting report by recording them in the minutes of the meeting or in the form of a prepared minority report.

The RAC may also provide advice to the WMATA Board that represents a variety of opinions and for which no formal action is taken or necessary.

ARTICLE VII

AGENDA, MINUTES, AND RULES OF CONDUCT

A. AGENDAS

1. The Chair, with the support of WMATA staff, will prepare an agenda for regular meetings. Members approve the agenda by vote as part of the meeting proceedings. Members may contact the Chair to have items put on the agenda. Also, each meeting agenda calls for members to put items on future agendas.
2. The RAC liaison shall be responsible for distributing the final agenda and preparing or compiling the associated agenda materials for each meeting. Agenda materials shall normally be mailed to members one week prior to each meeting.

B. MINUTES

Minutes of each RAC meeting shall be prepared by the RAC liaison and distributed to RAC members together with the agenda for the next meeting.

C. RULES OF CONDUCT

All regular and special meetings of the committee shall be conducted in accordance with these by-laws and with the most current edition of Robert's Rules of Order. In case of conflict, these by-laws shall take precedence over Robert's Rules of Order.

The following rules will be followed:

1. Chair Responsibility: The Chair is responsible for the orderly conduct of the meeting. Every member desiring to speak shall address the Chair, and upon recognition by the Chair, shall talk only to the question under debate.
2. Representation: Representation of positions on issues shall conform to the following principles:
 - No member of the RAC shall misrepresent the position of the RAC on any issue, including the absence of any formal position on an issue, in any communication with the general public, including the media.
 - No member of the RAC shall be seen as representing any position of WMATA to the general public, including the media, without first having been so authorized by the WMATA Board of Directors.
 - Every member is free to express individual opinions, after making a good faith effort to label his/her comments as such, to the general public including the media on any topic that the member chooses to address.

ARTICLE VIII

SUBCOMMITTEES

The Chair has authority with concurrence by the RAC to appoint subcommittees and/or ad hoc committees to address issues. Subcommittees will operate according to the requirements of these by-laws and Robert's Rules of Order.

ARTICLE IX

BY-LAWS AMENDMENTS

The by-laws may be proposed for amendment or repeal by a motion that is made, seconded and passed by a two-thirds (2/3) vote of regular members at any regular meeting. The 2/3 vote shall be based on the number of persons currently holding appointments to the RAC whether present at the meeting or not. Written and oral notice of the proposed amendment must be given at the prior regular monthly

meeting to all members. The notice must contain both the original language and the proposed amending language to the by-laws. The proposed by-laws change will be made final upon approval by the WMATA Board of Directors or their designee. Any by-law may be altered or amended or annulled at any time by a majority vote of the WMATA Board of Directors.

ARTICLE X

TERM OF RAC

The Board will periodically review the operation of the RAC and may modify its composition, structure or by-laws. Such review shall occur no less frequently than every five (5) years but may occur more frequently on an as-needed basis.

Mr. LYNCH. Thank you, Ms. Zinkl.

Mr. Ross, you are recognized for 5 minutes.

STATEMENT OF BENJAMIN ROSS

Mr. ROSS. Thank you very much, Mr. Chairman. I am very happy to have this opportunity to give you a rider's view of Metro.

I am going to focus on the root causes, try to focus on the root causes of these financial problems that we have been talking about this morning. And I will start off with a take-home message. There is a conventional wisdom out there that says that highway projects are supported by user fees, while transit is subsidized.

And that is really no longer true. In my written testimony, I compared Metro's funding to the total—

Mr. LYNCH. I am sorry. Mr. Ross, I missed that. I missed that. Repeat that point again.

Mr. ROSS. Yes. There is a conventional wisdom that highway projects are supported by user fees, while transit is subsidized.

Mr. LYNCH. Yes?

Mr. ROSS. And I don't think that is true anymore.

Mr. LYNCH. OK.

Mr. ROSS. And I did an analysis in my written testimony comparing Metro's funding sources with the total of all of Maryland State highway programs. What I found was that riders are paying 32 percent of Metro costs. That is capital plus operating and including the Dulles rail project. And that drivers are paying for only 20 percent of the highway program.

Now, this is a deeply rooted trend. It is not just in Maryland. I am sure if I looked at other States, I would get similar numbers. And at the Federal level, you see the highway trust fund that used to be flush with money is now borrowing from the general fund.

And the State and Federal transportation budgets are being squeezed by this decline in revenue from road users. And Metro is caught in that squeeze and I think that is really the underlying reason that we are threatened with loss of service.

I think people have been talking at hearings and this morning about the hardships that are going to be caused by some of these cuts. It is especially true in Washington, well it is the same in Boston, that housing is very expensive and you can really do bad things to a family budget if you are forced to buy a car when you didn't need one.

Now, as people have also said, these cuts are coming at a time when more people are riding transit. Metro ridership is up 42 percent in 10 years. In the last few months, it is still going up, even though the price of gas has come back down and we have a bad economy. That is happening, and I think Congressman Bilbray had some very good things to say about that, which is that Metro has become a way to live, not just to commute.

The ridership is growing fastest for non-work travel. In a period of 8 years, the morning rush hour travel was up 33 percent, but Saturday ridership was up 47 percent and 57 percent on Sundays. And you see all these new communities, U Street, Columbia Heights, Clarendon, Silver Spring, Hyattsville. One thing that struck me was that at Columbia Heights, Metro ridership went up 70 percent in just 4 years.

Now, the spending priorities at all levels of government have not kept up with the shift in public preferences. In this area, we have less driving, and yet we have had a series of big road construction projects on both sides of the Potomac, while rail to Dulles is just getting started, and the new purple line in Maryland is still being planned.

And this I think is the root cause of Metro's funding problems. People are no longer so taken with driving. You know, we still drive a lot, but it is just a way to get where we want to go. It is not something we are excited about. Years ago, they were building parkways for something called pleasure driving, and nobody today would say driving on the beltway is a pleasure.

And the effect of this change in public attitudes is a loss of willingness to pay taxes for driving. In this area, the gas tax has not gone up since 1992. And that is squeezing the entire transportation budget at all levels, and the net effect is, after a series of pass-throughs, that Metro riders are being hit for money to fill the gaps that are caused by lack of willingness to pay for roads.

And really, the public has spoken for a shift in priorities from roads to transit. Really, it has spoken twice, once with its feet by riding, and once with its votes by not wanting to pay for gas taxes. And the political system really needs to start to listen and reassess our priorities and put transit first.

Thank you very much.

[The prepared statement of Mr. Ross follows:]

Action Committee for Transit

www.actfortransit.org

P.O. Box 7074, Silver Spring, MD 20907

Testimony of Benjamin Ross

President, Action Committee for Transit

House Committee on Oversight and Government Reform
Subcommittee on Federal Workforce, Postal Service, and District of Columbia

April 29, 2009

Mr. Chairman and members of the committee, I am very pleased to have the opportunity to speak to you today about the condition of Washington's Metro system. My name is Ben Ross. I am speaking today as the president of the Action Committee for Transit in Montgomery County, Maryland. We are the largest transit riders' group in the Washington area with over 500 dues-paying members. I also chair the Transit First Coalition, an alliance of transit advocacy, environmental, civic, and labor organizations formed to oppose service cuts on Metro and local bus systems.

ACT, like our coalition partners, is deeply troubled by current proposals to cut service on Metrobus. These cuts will work severe hardship on many commuters who depend on bus service to get them to work in a reasonable amount of time. For many working families in the Washington area, the high cost of housing is bearable only because our transit system makes it possible to get by without a car or with one car in a two-wage-earner family. The deep cuts in bus service now under consideration would force a choice between losing hours every week waiting for bus transfers and busting the family budget by paying the high cost of buying and operating an automobile.

More broadly, something is wrong here with our overall policy-making mechanism. The threat of global warming and the need to protect national security by lessening our dependence on foreign oil require a shift from driving to transit. Yet transit service is shrinking while we continue to build new facilities for automobile travel.

I would like to devote most of my time here this morning to a search for the roots of this dilemma. Fundamental changes in transportation preferences are occurring in Washington and throughout the nation. These changes can be seen in travel behavior and they are a major cause of funding shortfalls that affect all modes of ground transportation. But public policy responses have lagged behind the times. Metro's current budget problems are just one manifestation of this phenomenon.

The American love affair with the automobile is over. Nation-wide, people are riding transit more and driving less. A year ago, this trend was attributed to high gas prices – but no more. Even though gas prices today are much lower than a year ago, transit ridership is still up and vehicle miles traveled are down. When we do drive – and we still drive a lot – it's a way to get where we want to go, not something we value for its own sake.

In Washington, the trend toward transit goes back ten years. Metrorail ridership started to go up in 1998 after a decade of little change. Since then it has grown at breakneck speed. Average weekday ridership rose from 528,000 in May 1998 to 752,000 in May 2008 – an increase of 42% in just 10 years. That far exceeds population growth. Despite the worsening economy and falling gas prices, ridership in recent months has continued to be significantly higher than a year earlier.

We can better understand what is happening by looking at these data in more detail. The biggest growth in transit use is not for traditional commuting trips, but for non-work travel. A fundamental shift in lifestyle is occurring as people no longer organize their lives around the automobile. Between 1999 and 2007, Metrorail boardings during the morning rush hour – a good measure of commuting travel – increased 33.5%. But ridership increased 47% on Saturdays and 57% on Sundays.

Metro is now a way to live, not just a commute. New transit-oriented neighborhoods are springing up through out the region – not just on U Street and Columbia Heights, but also in suburban locations like Clarendon, Silver Spring, and Hyattsville. Demand for housing in these areas remains strong despite the bad economy, while real-estate prices plunge in automobile-oriented outer suburbs.

Along with the shift in travel preferences, voters' attitudes toward transportation funding have changed. Tax increases are never popular with the electorate, of course, but they are more easily accepted when they fund well-liked, high-prestige activities. Years ago, driving was one of these enjoyable, prestigious activities. Roads like the George Washington Parkway in Virginia were built for a now-forgotten activity called “pleasure driving.” In past years, tax increases could be made more acceptable by convincing the public that the revenues would go to highways. On occasion, general taxes were disguised as dedicated funding for road-building to gain public acceptability – in many states, gasoline is subject to a special tax at a higher rate in lieu of the general sales tax. In my state of Maryland, the sales tax on automobile purchases is called a “titling tax” and dedicated for transportation.

But things have changed. No one today would call driving on the Beltway a pleasure. Driving is not a prestige activity and voters don't like to be taxed for it any more than they like to be taxed for anything else. Gasoline taxes in Metro's service area have not increased since 1993. In Maryland, there have been four modest increases in transportation revenues in that period. Two of them affected highway users: a toll hike and an increase in vehicle registration fees. On two other occasions, Maryland legislators saw fit to use general tax revenues rather than user fees as a source of needed transportation revenues. Increases in sales and corporate income taxes were viewed as more acceptable to the public than new automobile user fees.

With the public no longer happy to pay for roads, revenues from automobile user fees have dropped. Gasoline usage is falling as a result of improved fuel economy and slower growth in car travel. But this is only part of the problem. A full analysis must consider the exemption of gasoline and automobiles from general sales taxes. This exemption is an indirect subsidy for transportation; money that would otherwise appear in general tax revenues goes instead to fund transportation. It relieves drivers of much of the burden of paying for highways and makes the general public, including transit riders, pay instead. When this subsidy is taken into account, we find that the user fees paid by drivers are dropping much more steeply than generally recognized.

As a consequence of voters' growing resistance to gas tax increases, the tax per gallon has remained fixed as the price of gasoline went up. This has caused the indirect subsidy to increase rapidly as a fraction of gas tax revenues. In 1993, when the Maryland gas tax was last increased, gas sold for \$1.10 per gallon and only 4.3¢ out of the 23.5¢ gasoline tax was lost from the state's general fund by the sales tax exemption. When gasoline peaked at \$4 per gallon last year, the gas tax was nearly equal to the sales tax – a 6% sales tax would have been 22.6¢ per gallon, nearly equal to the 23.5¢ gas tax. When gas passes \$4, the gas tax is no longer a user fee at all; it is simply the sales tax applied to gasoline.

The consequences of this shift can be seen by comparing the funding of the Washington Metro to the Maryland state automobile transportation system. Attached is a breakdown of revenue sources in the current fiscal year's budgets. To identify the true source of transportation dollars, the subsidy provided by the sales tax exemption has been taken out of the user fee component of transportation revenues and put into the general taxation category. We find that some conventional wisdom about transportation funding needs to be corrected.

For one thing, federal aid to Metro is no higher, as a percentage, than in the Maryland highway budget.¹ Yet Metro plays a unique role in supporting the federal government's presence in the nation's capital. Clearly, the current level of federal support is incommensurate with this role. Funding of the recently authorized \$150 million per year dedicated funding program is badly needed. Looking into the future, the steady growth of Metro ridership will soon be augmented by new riders from the Dulles rail project, and downtown Washington Metro lines will become overloaded in ten or twenty years. A major federal commitment will be needed to augment Metro's core capacity so that civil servants can get to work and the public can have access to its government.

Second, we see that only 19.8% of Maryland's automobile transportation program is funded by user fees. This is far less than the 32% that users pay Metro through fares and parking fees. Automobile taxes do not subsidize transit. On the contrary, transit riders are subsidizing highway programs.

One piece of common wisdom cannot be questioned. Transportation budgets are being severely stressed. We see a growing tendency to borrow from the future. Borrowing is now the

¹ The table shows Metro receiving 16.6% of its budget from federal aid, which is less than the 18.3% received by the Maryland highway program. Some federal aid to the jurisdictions that passes through to Metro is included in the table under general tax revenues; moving these pass-throughs into the federal aid category would slightly increase the share of federal aid in Metro's budget.

largest source of revenue for Maryland's automobile transportation program – by my estimate, fully 35% of total expenditures.

I believe that the cause of this stress can be traced back to the lessened popularity of automobile travel. The shift in public preferences can be seen both in travel choices and in voters' resistance to new automobile user fees, but it has not been reflected on the expenditure side of transportation budgets. Major highway construction projects are in full swing on both sides of the Potomac. This combination – continued road-building alongside shrinkage of the user fee revenues that formerly paid for the roads – has put transportation budgets in a vise.

These trends are not the fault of individual leaders; they are widespread and they reflect a very deep-rooted shift in public attitudes. We see funding shortfalls in Maryland despite a strong commitment to transit and to fiscal responsibility under Gov. Martin O'Malley and his Secretary of Transportation John Porcari, who has now been nominated as deputy secretary of USDOT. Elsewhere in the Washington area, neither D.C. nor Virginia has increased gas taxes since 1993. Transit systems in other parts of the country are suffering cutbacks even more severe than Metro.

Failure to adjust transportation budgets to the new reality is, I believe, the true cause of Metro's fiscal troubles and the reason commuters are threatened with service cuts. The public has spoken for a shift from autos to transit – indeed, it has spoken twice, with its feet and with its votes. But the political system has been slow to listen. Money continues to pour into highway projects of marginal value while transit is starved of resources.

The immediate crisis of threatened cuts in Metro service must be addressed now, but we must also understand that it is a symptom of a deeper-rooted problem. The era of suburban sprawl fueled by ever-more highways has ended. A fundamental reassessment of transportation planning is needed. Transit must be first in budgets as it is in the minds of the public.

Attachment

Estimated Composition of Funding Sources

Comparison of Washington Metro System and Maryland Highway Program

All Dollar Amounts in Millions

Stimulus Spending Not Included

April 29, 2009

Washington Metro System (Including Dulles Rail Project) - FY 2009

Expenditures

WMATA (net of \$26 debt repayment)	1 878	
Dulles Rail Project (average of CY08 & CY09)	350	
Total		2 228

Revenues

User fees (passenger revenues)	712
As percentage of expenditures	32.0%

Federal aid

Direct WMATA	262	
Dulles Rail (pro-rata share of expenditures)	108	
Total		370
As percentage of expenditures		16.6%

Business revenues

WMATA (advertising, joint development, other)	108	
Dulles Rail (access road toll surplus)	50	
Total		158
As percentage of expenditures		7.1%

Net borrowing

MWAA for Dulles Rail	115	
WMATA net borrowing	35	
Total		150
As percentage of expenditures		6.7%

Non-user tax revenues²

WMATA state & local contributions	741	
WMATA reimbursable projects	20	
Dulles Rail (estimated as remainder after other sources)	77	
Total		838
As percentage of expenditures		37.6%

Sources: WMATA FY 2009 budget; Dulles Corridor Rail Project Management Plan 2008; Dulles Corridor Rail Financial Plan, submitted to FTA Feb. 1, 2008.

²Includes federal aid and borrowed money collected by local jurisdictions and passed through to WMATA and the Dulles Rail project..

Maryland Highway Program - FY 2009

Expenditures

SHA – operating	222	
SHA – capital	893	
MVA – operating	156	
MVA – capital	132	
MdTA - highway operating (FY08)	96	
MdTA – capital	1 103	
Total		2 502

Revenues**User fees**

Gasoline tax – gross	503	
Less 30% locality share	151	
Less value of sales tax exemption ³	304	
Gasoline tax – net		48
Vehicle registrations – gross	236	
Less 30% locality share	71	
Vehicle registrations – net		165
MdTA toll revenues (FY08)	283	
Total user fees		496
As percentage of expenditures		19.8%

Federal aid (SHA – capital)

As percentage of expenditures	457	18.3%
-------------------------------	-----	-------

Net borrowing⁴

As percentage of expenditures	878	35.1%
-------------------------------	-----	-------

Business revenues (MdTA concessions)

As percentage of expenditures	8	0.3%
-------------------------------	---	------

Non-user tax revenues (TTF spending not accounted for above)

As percentage of expenditures	663	26.5%
-------------------------------	-----	-------

Sources: MDOT Overview, FY2010 Budget Allowance; FY10 Consolidated Transportation Plan; MdTA FY08 Annual Report.

³Assumes average gasoline price of \$2.60 per gallon. Price net of gas tax is \$2.365; 6% sales tax is 14.2¢ per gallon. Thus 14.2/23.5 or 60.4% of gross gas tax receipts is the implicit subsidy from the General Fund via the sales tax exemption for gasoline.

⁴Estimated as MdTA capital expenditures less net highway revenues and \$30 transfer from TTF.

Mr. LYNCH. Thank you.

Let me ask a question, repeat a question that Mr. Simpson raised, and I want to ask Ms. Zinkl and Mr. Ross to respond to it. Mr. Simpson made the point that in this recent restructuring and cost cutting exercise that rail was basically held harmless and bus ridership—well, the bus routes took the hit. Is that a fair statement of what you said?

I suspect, and look, I am no expert. That is why we have you here. But I would think that with the fixed system, transit system, it is tougher to squeeze savings out of rail than it is to, well, look at it this way. There is no replacement for the rail, for the trains, principally, but if the bus isn't there, I suppose you could take a car and go to a rail station, and so there is somewhat of a replacement there, easier than, say, an alternative to the train.

The train is probably a lot more attractive. I know most people where I come from love the train, hate the bus, because buses unfortunately have to travel in traffic unless there is a really good dedicated bus route that they can use.

What do you think, Ms. Zinkl? In terms of have the bus routes taken the hit? What are you hearing from your members about the proposed cuts in services of these bus lines, a lot of them in Montgomery County, MD and elsewhere, as Mr. Van Hollen was stating earlier today. What is your read on that?

Ms. ZINKL. Well, our members did have some personal experience with some of the bus routes that have been proposed for either elimination or reduction in frequency. We also attended, that was at least one RAC member at every one of the recent public hearings. We have also gotten some public comments.

These bus routes are very important to the people who live near them. And while there are indications that some of the routes may not have as much ridership as we would like to see, we have also gotten some qualitative feedback that some of the quantitative information that those decisions were based on may not have been as accurate as one may have liked. Part of what came out of the public hearing process I think is that some of these routes may be a little bit more heavily used than we had actually believed.

And certainly, the RAC understands that essentially WMATA has to have a balanced budget, and that some reduction in service may be necessary in order to balance the budget. We may not be able to come up with a completely blind set of reductions from the view of the public, some that is seamless. However, what we would like to see is reduction in frequencies, headway lengthenings.

If it is absolutely necessary to make changes in service, make cuts that result in less frequent service as opposed to complete elimination of routes. When you completely eliminate a route, you are taking a lifeline away from folks who may not have any other alternative. And unfortunately, many of the eliminations were in places where that was really, these aren't routes in central D.C. They are out on more of the urban fringe in Prince George's County, out in Arlington, and you don't have the density of routes in those areas that you do here actually inside the beltway. And we are very concerned about any route elimination.

Mr. LYNCH. OK.

Mr. Ross, do you have anything you want to add before I go back to Mr. Simpson and allow him to rebut?

Mr. ROSS. Yes. I think that the process which was naturally political and should be, that came up with these proposals reflects the reality that the rail system has tremendous, enormous support from the public. And that is because it is something that serves all income levels. It is like Social Security is always people have resisted cuts in Congress, where programs that are means tested get cut.

I think that it is a sign that when you put in a good quality of transit, it gets an enormous level of public support. And bus service is an essential part of transit and the hope has to be that as you upgrade the bus service, you make it attractive to more people, it will attract more public support, and that making it a higher quality of service will actually benefit all income levels because you have something that has that public support and maintains its political strength.

Mr. LYNCH. Great.

Mr. Simpson, just let me preface this by saying I think you had very thoughtful testimony. I think you are right. I think the easiest thing, the path of least resistance, was looking at the bus routes. But a couple of things that you mentioned in your testimony, one is that some of these bus routes actually serve some pretty vital Federal facilities, which concerns me from an operational aspect for our government.

And also, as I have been able to travel around the District and northern Virginia and Maryland, we have had a pattern of development of public housing. I grew up in public housing. I lived there for 15 years, and I notice that unlike in the city of Boston, the public housing developments are right downtown, in the inner city. So all of the inner city neighborhoods, you have some struggling neighborhoods, heavy minority populations there, who nevertheless are by the T connected to the jobs.

Here, the connector and the feeder for folks living in these developments that are not out in the, well, to me they seem like they are out in the boonies. But here, it is just sort of how you get a lot of farmland here and there is an abundance of land, so some of these major housing developments have been located outside the city center.

And so you have to serve those minority neighborhoods. You know, those families need to be connected to the job base. And the feeder system to get those folks connected to the jobs is really in large part the bus system, to feed them into the rail.

So how do we tackle that issue? And I know part of it, look, you are a union rep. I was a union president with the ironworkers. My job was to put my people to work. That was my job. And I am sure that you are looking at this, in part, as a reduction in the number of members your local is going to need in terms of driving buses. And that is a valid concern. That is a valid concern. That is a real concern and one that I respect.

How do we look at this whole need for greater efficiency and maybe, as Ms. Zinkl suggested, not eliminating the route, but maybe it is the frequency and timing of the buses coming into the station, the hours of service that we operate. Can we gain greater

efficiencies in those variables, as opposed to eliminating the whole route and then leaving those folks stranded, basically without public transportation and eliminating your members' jobs? What is your thinking on that?

Mr. SIMPSON. Well, I think that there are a lot of opportunities for bus efficiencies. It is in fact one of the proposals we made to WMATA was to essentially put some money, accelerate their bus priority, and BRT-like proposals to increase bus feeds and you actually save costs.

Just a simple example of that is in my testimony where if you are running a bus, if you have a 35-minute from one end of the line to the other, you need four buses to maintain a 10-minute headway. If congestion increases to the point where you have 5 minutes more running time, you have to add a bus into that in order to maintain that 10-minute headway. And adding that one bus, that is a 25 percent increase in cost.

I think you can by using bus priority measures and by equalization, in other words using limited stop service or express service to equalize the load across the line, actually reduce costs, and by taking a bus off the line, but providing the same level of service.

Even though that may seem like it costs a job, it makes us more productive. It makes the service better and attracts increased ridership, and ultimately leads to service expansion. So I am not opposed to that. I actually favor that. I think that is one of the ways that WMATA could address this.

Their proposal, just to clarify, the heart of a lot of their proposals to reduce service aren't on—there are some fringe lines that are included, but if you look at the amounts of money, where they are saving the money, it is on the heaviest-hauling lines that they are proposing to reduce service. And they are in primarily, as you indicated, minority and working class neighborhoods.

Just two examples. The C-4 on University Boulevard in suburban Maryland, that is the heart of the Latino community. These same people that live in that area use the Q-2 on Viers Mill Road to access downtown Rockville. Those are the two heaviest-hauling lines in Maryland. Those are proposed for truncation and reduction of service. And on those types of lines, you can gain those types of savings just by reordering your service.

Mr. LYNCH. I have to confess, I have not been to any of the meetings or hearings that they have had on cessation of service and eliminating these bus lines. Has the analysis that you described in terms of spreading out the time maybe, instead of 5 minutes, every 10 minutes or 7.5 minutes, whatever it is, has that analysis been part of the process up to now? Or are we just looking at, I know they are trying to get rid of a lot of overhead so they are using broad strokes here, but I just don't know if they have been listening closely enough.

Mr. SIMPSON. No. The proposal was mainly monetary-driven. It was not driven by any plan. And that is part of what I argue. There are some funds that WMATA could use to bridge the gap until you had time to really examine these lines to find out how to structure it so you could get the savings. The use of Federal stimulus money is obviously one way that they could bridge the

current gap. There are others. They have an operating reserve that they could use.

The jurisdictions have new projects. My view is that you should protect your existing services and projects first before you build new things. I am not saying you don't build new things, but you could certainly slow down that and transfer moneys to protect your existing services.

So there are at least three immediate ways that WMATA could bridge this gap while they begin to look at more efficient ways to provide bus service.

Mr. LYNCH. As you probably heard, they are calling me for votes again, I believe. I think we are close enough to the end, and I could throw my running shoes on so we could spend a little bit of time here, at least 10 more minutes, 10 to 15 more minutes before I have to run out.

But as with the other two panels, I am sure my questioning was not exhaustive or nearly adequate to cover all the issues that we have in front of us. So what I would like to do is, starting with Ms. Zinkl, are there issues that you would like to bring to the attention of the committee that have not been asked of you? Or is there some earlier point that you really want to amplify in terms of making sure we understand the feelings of the members of your organization?

Ms. ZINKL. I would say first of all, if it was not apparent from my earlier statement, we are very supportive of improvements to bus service. WMATA has experienced considerable improvements in recent years to the rail service, and we believe that has benefited everyone in the region. And we are very much looking forward to seeing similar types of improvement to bus service.

What is a bit disheartening is that we are seeing the current bus system adjusted through a budget process right now. Not necessarily because these routes aren't soliciting the level of ridership needed to warrant having a bus, but simply because a combination of budgeting issues means that there is a shortfall and jurisdictions weren't necessarily willing to put the money on the table to meet that shortfall.

In addition, as I have said in many fora before and I am sure everyone is getting tired of hearing me say this, but I will reemphasize in terms of the process we went through this year with the 2010 budget. The public did not have a budget document as we have normally had in the past. And that has limited the ability for the public to participate in the WMATA budget process. Of course, as a citizens advisory group, our primary message has to be that public participation is really the key to making WMATA the best ride in the Nation, and keeping it the best ride in the Nation. So I would hope that perhaps we have learned some lessons through this process and we can continue to engage the public or increase engagement by the general public in WMATA decisionmaking in the future, especially early public input.

Mr. LYNCH. Thank you.

And I did hear Mr. Simpson, your criticism of the balkanized system—no offense intended to the Balkans. Now that we are going to have some Federal presence on these boards, maybe it will stop some of the parochial stuff. With the dedicated resources here that

have been projected, maybe that does address some of the issues. But I think there is still a need to make sure that there is some equity in this whole process. It is not just a budget exercise to the detriment of some of the poorer communities and some of the working class communities that really need the service.

Mr. Ross.

Mr. ROSS. Yes. I make two points. One is I would like to agree with Mr. Simpson about the division. And you can see the effect very clearly. Maryland, the bus service used to be funded separately by Montgomery and Prince George's Counties, and there was only one bus route that connected the two counties. Since the State took over the funding in both counties 15 years ago, we have had three cross-county bus routes added and they have all been very successful.

The second point is something that Mr. Catoe talked about, that is the coming need to do something about overcrowding of the downtown Metro system, the core capacity as it fills up, and eight-car trains aren't enough. That, again, is a regional problem because you need capacity in downtown to handle the people coming in from Maryland and Virginia.

And it is also a big financial problem, and I think it is really important that we get on top of these system preservation funding issues quickly because there is going to be a large demand for funding coming down the pike, first for the purple line in Maryland and then even bigger for the core capacity.

Mr. LYNCH. Those are very astute observations.

Mr. Simpson, I am going to allow you to close.

Mr. SIMPSON. Thank you, Mr. Chairman.

I did want to make one other point, and it is more of a long-term point, and that is hopefully that the Federal role will be able to see this better and your committee will be able to oversee it as well.

The Federal Government, as well as jurisdictions, have put a lot of money into building up the infrastructure of WMATA. And what is happening now with rail expansion projects is they are essentially locally driven. They will probably, in fact they will make application for Federal funds, but the way that these projects are moving forward, they are not being looked at from a regional perspective, and they are not really looking at how do they integrate with the existing WMATA system.

And not to belabor the point, but I think that the Federal role could be crucial, both in utilizing the existing funds that you have put into it. WMATA has two heavy overhaul shops and a third one that is currently not utilized. I am not saying you should automatically merge the systems, but at least the discussions ought to take place on how to capitalize on what we have already done to lower the costs on any of these expansion projects.

So I would once again welcome a Federal role, both through your committee and through the WMATA board, in examining those types of regional expansion issues.

Thank you.

Mr. LYNCH. Thank you.

In closing, I just want to say we have an open dialog here. So we appreciate the valuable perspectives that you each have, because it reflects the workers and the people who use the system.

And so it would help the committee greatly I think if before we see something bad happen, we get some information in and maybe we can prevent that. We can have greater scrutiny on some of these decisions that might be being made in a vacuum without due consideration to the communities that are affected, to the workers that are affected, and just the overall health of the system and how it works.

So feel free. We have an open door here. We hear your concerns and would like to, to the degree possible, impact some of these changes so that those concerns are addressed. OK?

Again, I thank you for your willingness to come here and to help the committee with its work, and I bid you good day.

Thank you.

[Whereupon, at 1:38 p.m. the subcommittee was adjourned.]

